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FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

WITH A TABLE OF FREIGHTS FOR ALL RAILROADS
OPERATING IN THE TERRITORY AND EASTERN CANADA

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CHICAGO

FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

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PREFACE

In treating of the freight rate structure of the United States and adjacent territory it has seemed well to make three divisions of the subject. The matter is therefore contained in three treatises. The first of these is devoted to an exposition of the rates of Official Classification Territory, the second covers Southern Classification Territory, and the third embraces the Western Classification Territory and includes Trans-Continental rates, which overlap both Official and Southern classification territories. The treatise on western rates also includes a discussion of export and import rates. These treatises will not be devoted entirely to the freight rate structure but will include some discussion of railway regulation of rates and of tariff application. In the study of the freight rate structures, the Atlas of Railway Traffic Maps is indispensable. The maps in this atlas are numbered; reference is made to them by number from time to time throughout the treatises on rates, and they should be used wherever it is necessary to obtain a clear mental picture of territories described.

The reader will notice that the application of rate schemes overlaps the territorial borders; for this reason frequently the discussion of rates is not confined to the classification borders. This treatise, for example, overlaps the other territories slightly and extends into Canadian territory. In discussing rates, however, it is only in cases where the rate structures overlap that the discussion is carried outside the territory covered in the

treatise. There are of course, many of these overlaps in the different parts of the country and some of them are of considerable importance.

The freight rate structure of the United States is usually thought to be in a state of chaos or at least to be so complicated as to be incomprehensible. It is the purpose of the three treatises devoted to freight rates to show that there is fast developing an adjustment of rates throughout the several traffic territories of the country that approaches uniformity within each of the territories. Where there are coöperative rate adjustments, as in Official Classification Territory, they are explained. Also, where distance tables have been applied, either intrastate or interstate, skeletons of the tables or complete tables are given. The skeleton distance tables will be uniform and will aid in comparing the rate structure of the several territories where distance rates are applied.

It is usually thought that distance rates have played very little part in rate adjustment in the United States, but it will be shown in these treatises not only that at least half of the states of the Union have prescribed distance rates, but also that the carriers themselves have adopted interstate distance rates which have wide application. For example, the Central Freight Association Scale of distance rates is applied with modifications throughout the entire Central Freight Association Territory. In many cases where specific rates are now published by the carriers, they are based on earlier distance tables with slight modifications. This is true, for example, in Trunk Line Territory. There are also certain distance rates still published as such in Trunk Line Territory. In Central Freight Association and Trunk Line territories there is a larger movement of freight than

within any borders of similar area in the United States; and the larger part of this traffic moves on rates governed by the New York-Chicago Rate System, the Central Freight Association Scale, and other rates based largely on distance.

Even in Southern Classification Territory, where the basing-point system violates the distance principle, the intrastate traffic and some of the interstate traffic moves on distance rates. Distance rates apply on intrastate traffic within almost every state of Southern Territory, and interstate distance rates apply between a number of the states. In Illinois, Wisconsin, Northern Michigan, and almost all Trans-Mississippi states, distance tariffs control a large percentage of the traffic that moves wholly within a state; and in addition, interstate distance rates are applied in many cases. Even the far north-western states of Washington and Oregon and the new states of New Mexico and Arizona have prescribed distance rates. Wherever rates have been made, it has been the common practice to base the rates largely, if not entirely, on distance unless competition causes a violation of the principle. The exceptions to the general rule of the application of distance either through distance tables or through a general increase in rates as distance increases, however, are very marked in certain parts of the country. The disregard of the principle of distance in constructing rates to and from Southern Territory and in the adjustment of Trans-Continental rates has attracted popular attention for several years. It is believed, however, that the three treatises, of which this is the first, will make it plain that the distance principle has been applied to a greater extent than is usually supposed; and that the modifications of rate adjustments by the Inter-

state Commerce Commission and the state commissions usually lessen the degree of the variation from the distance principle, although in many cases the Commission has recognized other factors of rate adjustment as more potent than distance.

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FREIGHT RATES

OFFICIAL CLASSIFICATION TERRITORY AND EASTERN CANADA

INTRODUCTION

In this treatise, rates into other territories, especially Canadian Territory, have been dealt with so far as the rate structures made it necessary, but the treatise includes a full discussion of local rates within Official Classification Territory including intrastate rates, where there are such rates. Official Classification Territory includes New England Freight Association Territory, Trunk Line Association Territory, and Central Freight Association Territory.

The reader will notice as he reads through the three treatises on rates, that the rates in Official Classification Territory have what seems to be a much closer approach to a scientific structure than those in Western and Southern Territory, but it will also be found that this structure like the others is based on traffic conditions, and that the nature of conditions rather than the action of the carriers has made it possible to have the simple system that is described in this treatise.

In the preparation of this treatise, especial acknowledgment is due to Mr. John P. Curran, of the Central Freight Association, who has rendered very valuable service by his painstaking criticism of the material, especially that relating to rates from Central Freight Association Territory to Trunk Line and New England Territories.

These territories are shown on Maps 2 and 8.

CHAPTER I

THE NEW YORK-CHICAGO RATES

Freight rates between percentage territory shown on Maps 3 and 4 on the one hand and Trunk Line and New England association territories ¹ on the other are based almost exclusively on the New York-Chicago rates. The freight rates between New England and Trunk Line territories on the one hand and Canadian percentage groups shown on Map 9 on the other are also based largely on the New York-Chicago rates. The system has also been extended to Canadian territory east of Kingston and Sharbot Lake, Ont., on the east and percentage territory shown on Maps 3, 4, and 9 on the west. The rates between eastern groups and western percentage groups are percentages of the New York-Chicago rates. The percentages are in proportion to distance, first allowing for a terminal charge. The method of arriving at the percentages will be explained in Chapter VI. It is first necessary to explain how rates are based at the present time; then the method of arriving at the percentage groups will be more easily understood. This percentage scheme of rate-making has usually been called the Trunk Line Rate System²; but since the trunk lines proper end at the Western Termini,³ and since the rates are based directly on the New York-Chicago rates, it seems

¹ Railway Traffic Maps, Map 2.

² Ripley, William Z., *Railroads: Rates and Regulation*, 354-79.

³ The Western Termini of the trunk lines are shown in a later chapter.

Rail-and-Lake Standard.....		54	46	39	38	30	27	22	18	13	11	9	9	8	5	5	4								
Water-and-Rail																									
Kanawha Dispatch		1	54	46	39	38	30	27	22	18	13	11	9	9	8	5	4								
Norfolk & Western Despatch.....		2	59	51	43	43	34	20	25	20	8	6	5	4	4	3	2								
Cumberland Gap Despatch		3	59	51	43	43	34	20	25	20	8	6	5	4	4	3	2								
From Boston																									
All-Rail		75	65	65	60	40	35	30	25																
Standard																									
Differential																									
National Despatch—Great Eastern																									
Line																									
Canadian Pacific Despatch.....		70	61	52	47	38	33	28	24	5	4	3	3	2	2	2	1								
Rutland, Michigan Central Line.....																									
N. Y., N. H. & H. (C. P. Desp.).....																									
Rome, Watertown & Ogden Line....																									
N. Y., N. H. & H. (N. Y., O. & W., etc.)																									
Ball-and-Lake																									
Standard		62	54	46	41	33	30	25	21	13	11	9	9	7	5	5	4								
Differential																									
Canada Atlantic Transit Co.....		57	50	42½	38	30	27	23	20	18	15	12½	12	10	8	7	5								
Rutland Transit Co.....																									
N. Y., N. H. & H. (B. & M., Rutland R. R., etc.)																									
Water-and-Rail																									
Kanawha Dispatch		1	62	54	46	41	33	30	25	21	13	11	9	9	7	5	4								
Norfolk & Western Despatch.....		2	70	61	52	47	38	33	28	24	5	4	3	3	2	2	1								
Cumberland Gap Despatch.....																									
Merchants & Miners Transportation Co. (B. & O. R. R.)....																									

1 To Chicago only during season of lake navigation.

more appropriate to designate the scheme the New York-Chicago Rate System.

Since freight rates in Official Classification Territory⁴ are based largely on the New York-Chicago rates, the first step in the study of rates east of the Mississippi and north of the Ohio and Potomac rivers is to know what are the New York-Chicago rates.

Table 1 shows the class rates both westbound and eastbound between New York and Chicago. The westbound rates in this table are given for the various classes of routes, not only from New York to Chicago, but from Philadelphia, Baltimore, and Boston as well. The all-rail rates between New York and Chicago are the same in both directions, but the rail-and-lake rates eastbound are slightly higher on most classes than the westbound rates. Table 1 shows the various classes of routes, and those other than the all-rail standard routes are known as differential routes, the figures for each such route indicating the extent of the differential lower than the standard all-rail rates.

The rail-and-lake routes operate from Eastern Seaboard Territory by rail to lake ports and thence over the various lake lines. The water-and-rail routes operate by steamer from the seaboard cities to the Virginia ports of Norfolk and Newport News and thence by rail, and also to New Orleans, Boston, Providence, Portland, etc., and thence by rail. There are canal-and-lake routes from New York City with lower scale of rates, as shown by the table, shipments via these routes being carried via the Erie Canal to Buffalo and trans-shipped for Chicago and

⁴For an explanation of classification territories and the application of classifications, the reader is referred to the treatise on "Freight Classification" and the Atlas of Railway Traffic Maps.

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other western points via the lake lines. The rates via the canal routes are made with regard to certain relations under the rail-and-lake rates.

Shippers at Chicago and other western points who can avail of any of these differential routes would obtain material saving versus the charges of the all-rail routes. The elements of time, terminal charges, insurance, and possible damage in transfer must be considered when employing these routes.

When studying the New York-Chicago rates, the distance of 900 miles between New York and Chicago should be kept in mind. It is shown in Table 1 that the class rates vary from 75 cents to 25 cents via standard all-rail routes. Tables 2 and 3 show commodity rates applying

TABLE 2
COMMODITY RATES IN CENTS PER 100 POUNDS VIA STANDARD ALL-RAIL LINES FROM NEW YORK TO CHICAGO
IN CARLOADS

Bagging, burlap	30
Brick, common	23
Cement	20
Coffee	30
Ferro Manganese.....	500 gross ton
Fuller's earth	22
Kainit	22
Lemons	40
Oranges	40
Oysters	40
Oyster shells, crushed	18½
Paving blocks, stone	22
Petroleum oil	27½
Potash, muriate of.....	22
Salt	20
Soda, bi-carbonate of.....	22
Sugar	28
Sulphur, crude	16
Tin, pig.....	24
Wood pulp.....	22
Zinc ashes	500 net ton

in both directions between New York and Chicago for representative commodities that move in large quantities. Table 2 shows that the rates in carloads westbound for the commodities selected vary from 16 cents on crude sulphur to 40 cents on tropical fruits.

Table 3 shows that the rates on eastbound traffic in carloads vary for the commodities chosen from 17½ cents on spelter to 60 cents on horses and mules. The rates on these few representative articles are given in order that the reader may obtain a more definite idea of the rates between New York and Chicago than is shown in the table of class rates. The rates between New York and Chicago, both class and commodity, are the base rates on which rates are adjusted between all points east of the Western Termini on the one hand and western percentage points on the other. For this reason, the rates between New York and Chicago are supremely important. There are some modifications of the system in its application to class rates and there are many more in its application to commodity rates; but the system is applied to commodity rates as well as to class rates.

TABLE 3
COMMODITY RATES IN CENTS PER 100 POUNDS VIA STANDARD ALL-RAIL LINES FROM CHICAGO TO NEW YORK
IN CARLOADS

Asphaltum	} N. O. S. in Offl. Classn.	22	Horses and mules.....	60
Asphaltum substitutes			Iron and Steel (export) ..	20
Board binders		20	Lead	20
Brick		21	Lumber	25
Cattle		28	Marble (rough quarried) ..	20
Cement		20	Meats, fresh	45
Copper		20	Ore, copper	20
Grain		21	Salt	22.5
Grain products		21.7	Sodas	22
Hogs		30	Spelter	17.5
			Syrup, corn	25

CHAPTER II

ALL-RAIL RATES WESTBOUND

1. FROM NEW YORK RATE POINTS TO WESTERN PERCENTAGE GROUPS

(a) *Class Rates*

In Table 1 are shown certain scales of rates applying from New York to Chicago that are not applicable east-bound. However, the all-rail rates between New York and Chicago are the same in both directions on classified freight. It is this New York-Chicago class scale that is used quite largely as the basis for class rates in Official Classification Territory. Below is shown the New York-Chicago class scale applying via all rail in both directions between New York and Chicago.

Class	1	2	R25	3	R26	R28	4	5	6
Rate ¹	75	65	55	50	40	40	35	30	25

To illustrate how rates are based on this scale, the following examples are given. The rate from New York to Chicago on first-class freight is 75 cents. The rate from New York to the percentage grouped points in Central Freight Association Territory is a certain percentage of the rate from New York to Chicago. For example, on Map 3, where the westbound percentage groups are shown in Central Freight Association Territory, Indian-

¹ Where not otherwise specified, rates are in cents per 100 pounds.

apolis appears in 93 per cent territory. Ninety-three per cent of 75 cents, the New York-Chicago first-class rate, is 69.75 cents. Hence, considering the fraction as a whole number, the rate from New York to Indianapolis is 70 cents.² On Map 3 Columbus, Ohio, is shown in 78 per cent territory; 78 per cent of 75 cents, the first-class rate from New York to Chicago, is 58½ cents; the half cent is regarded as a whole number, and the rate from New York to Columbus is 59 cents. On Map 3 St. Louis appears in percentage group 117. The rate on first-class freight from New York to St. Louis is 117 per cent of 75 cents, or 87.75 cents; the rate is therefore 88 cents. In the same way the reader may compute the rates on any class from New York to any point in the percentage belts shown on Map 3.

Table 4 contains the class rates from New York rate points to percentage territory shown on Map 3. Class rates from New York to Canadian points shown in percentage groups on Map 9 are based on the New York-Chicago rates in the same general manner as from New York to percentage groups in the United States. However, there are slight differences in the rates for the same percentage belts on certain classes. The class rates from New York to Canadian percentage groups 76-C to 100-C are shown in Table 5.

² The general rule, in computing westbound percentage rates is to disregard fractions of less than one-half and to consider fractions of one-half and more as a unit.

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TABLE 4

CLASS RATES FROM NEW YORK RATE POINTS TO PERCENTAGE
GROUPS SHOWN ON MAP 3 ¹

To PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
	Classes ²					
	1	2	3	4	5	6
60.....	45	39	30	21	18	15
67.....	50	44	34	23	20	17
70.....	53	46	35	25	21	18
71.....	53	46	36	25	21	18
72.....	54	47	36	25	22	18
73.....	55	47	37	26	22	18
74.....	56	48	37	26	22	19
75.....	56	49	38	26	23	19
76.....	57	49	38	27	23	19
77.....	58	50	39	27	23	19
78.....	59	51	39	27	23	20
79.....	59	51	40	28	24	20
80.....	60	52	40	28	24	20
81.....	61	53	41	28	24	20
82.....	62	53	41	29	25	21
83.....	62	54	42	29	25	21
84.....	63	55	42	29	25	21
85.....	64	55	43	30	26	21
86.....	65	56	43	30	26	22
87.....	65	57	44	30	26	22
88.....	66	57	44	31	26	22
89.....	67	58	45	31	27	22
90.....	68	59	45	32	27	23
91.....	68	59	46	32	27	23
92.....	69	60	46	32	28	23
93.....	70	60	47	33	28	23
94.....	71	61	47	33	28	24
95.....	71	62	48	33	29	24
96.....	72	62	48	34	29	24
97.....	73	63	49	34	29	24
98.....	74	64	49	34	29	25
99.....	74	64	50	35	30	25
100.....	75	65	50	35	30	25
101.....	76	66	51	35	30	25
102.....	77	66	51	36	31	26
103.....	77	67	52	36	31	26
104.....	78	68	52	36	31	26

TABLE 4—CONTINUED

TO PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
	Classes ¹					
	1	2	3	4	5	6
105.....	79	68	53	37	32	26
106.....	80	69	53	37	32	27
107.....	80	70	54	37	32	27
108.....	81	70	54	38	32	27
109.....	82	71	55	38	33	27
110.....	83	72	55	39	33	28
111.....	83	72	56	39	33	28
112.....	84	73	56	39	34	28
113.....	85	73	57	40	34	28
114.....	86	74	57	40	34	29
115.....	86	75	58	40	35	29
116.....	87	75	58	41	35	29
117.....	88	76	59	41	35	29
118.....	89	77	59	41	35	30
119.....	89	77	60	42	36	30
120.....	90	78	60	42	36	30
121.....	91	79	61	42	36	30
122.....	92	79	61	43	37	31
122+ ³	97	84	66	47	40	33

¹ From *Revised Percentage Bases for Through Westbound Freight Rates From Points East of the Western Termini of the Trunk Lines to Points West Thereof*, promulgated by the Trunk Line Association but adopted individually by the interested carriers.

² Rules 25, 26, and 28 are based on Classes 2, 3, and 4, respectively. Rule 25 is 15 per cent less than second-class rate, but not lower than third-class rate. Rule 26 is 20 per cent below third-class rate, but not lower than fourth-class rate. Rule 28 is based on the fourth-class rate by making arbitrary additions shown in a table of the Official Classification under Rule 28. In this treatise the rates for these three rules will not usually be given in the tables. If it is desired to compute the rates for these rules, it may be done, as stated above, from Classes 2, 3, and 4 and by the use of the table of arbitraries under Rule 28 of the Official Classification.

³ The scale of rates for group 122+ is made up of the rates to group 122 plus the bridge arbitraries of the Mississippi River Crossings. These arbitraries are:

Class	1	2	3	4	5	6
Rate	5	5	5	4	3	2

TABLE 5

CLASS RATES FROM NEW YORK RATE POINTS VIA STANDARD
ALL-RAIL LINES AND NIAGARA FRONTIER, OGDENSBURG, OR
ROUSE'S POINT, N. Y., TO CANADIAN PERCENTAGE GROUPS ¹

FROM EASTERN GROUP	TO PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
		Classes					
		1	2	3	4	5	6
New York, N. Y.	76-O }	57	49	39	27	22	19
	76-D }						
	78-C }						
	78-D }	59	51	39	27	23	20
	80-C						
	82-O	62	53	41	29	25	21
	84-C	63	55	42	29	25	21
	87-O	65	57	44	30	26	22
	89-C	67	58	45	31	27	22
	93-C	70	60	47	33	28	23
	100-O	75	65	50	35	30	25

¹ From Revised Percentage Bases cited in footnote 1 of Table 4.

(b) *Commodity Rates*

The general commodity rates are based on the New York-Chicago rates in the same manner as are the class rates, but with more variations from the percentage scheme. The rates from New York rate points, as shown on Map 9, to western percentage points for ten commodities that move in large amounts are shown in Table 6. The percentage points are indicated on the left of the table, and the rates themselves show that they are based on the percentages of the New York-Chicago rates as indicated. For commodities, the New York-Chicago basis is applied only to 76-D and 78-D points in Canada, except when special adjustments are maintained.

In the general commodity tariffs of the trunk lines westbound the numerous commodities are segregated into

groups. The number of the groups of commodities in these general commodity tariffs vary from some fifty to a hundred or more. Table 6 shows only a small representative list of these commodity rates as published in the tariffs. In computing these westbound rates on a percentage basis the fractions are disregarded when less than one-half and considered a whole number when one-half or greater, except when these rates are based on Rules 25, 26, or 28. This is why there are commonly no fractions in the rate tables of westbound rates.

TABLE 6

COMMODITY RATES IN CENTS PER 100 POUNDS ON 10 COMMODITIES
VIA STANDARD ALL-RAIL LINES FROM NEW YORK RATE
POINTS TO WESTERN PERCENTAGE POINTS
IN CARLOADS

Percentage points	Bagging, burlap	Cement	Coffee	Potash, muriate of, and kainit	Bananas	Paving blocks, stone	Sugar	Sulphur, crude	Tin, pig	Wood pulp
60.....	21	14	18	14	30	13	16	12	14	13
67.....	23	16	20	16	34	15	17	14	16	15
70.....	25	16	21	16	35	15	18	15	17	15
71.....	25	16	21	16	36	16	18	15	17	16
72.....	25	16	21	16	36	16	18	16	17	16
73.....	26	16	21	16	37	16	18	16	18	16
74.....	26	16	22	16	38	16	19	16	18	16
75.....	26	16	22	17	38	17	20	16	18	17
76.....	27	16	23	17	39	17	20	16	18	17
76-D....	27	..	23	17	39	17	20	16	19	17
77.....	27	16	23	17	39	17	20	16	18	17
78.....	27	16	23	17	39	17	20	16	19	17
78-D....	27	..	23	17	40	17	20	16	19	17
79.....	28	16	24	17	40	17	21	16	19	17
80.....	28	16	24	18	41	18	21	16	19	18
81.....	28	16	24	18	41	18	21	16	19	18
82.....	29	16½	25	18	42	18	21	16	20	18

TABLE 6—CONTINUED

Percentage points	Bagging, burial	Cement	Coffee	Potash, muriate of, and kaim	Bananas	Paving blocks, stone	Sugar	Sulphur, crude	Tin, pig	Wood pulp
83.....	29	16½	25	18	42	18	22	16	20	18
84.....	29	17	25	18	43	18	22	16	20	18
85.....	30	17	26	19	43	19	22	16	20	19
86.....	30	17	26	19	44	19	22	16	21	19
87.....	30	17½	26	19	44	19	22	16	21	19
88.....	30	17½	26	19	44	19	23	16	21	19
89.....	30	18	27	20	44	20	23	16	21	20
90.....	30	18	27	20	44	20	23	16	22	20
91.....	30	18	27	20	44	20	24	16	22	20
92.....	30	18½	28	20	44	20	24	16	22	20
93.....	30	18½	28	20	44	20	24	16	22	20
94.....	30	19	28	21	44	21	24	16	23	21
95.....	30	19	29	21	44	21	25	16	23	21
96.....	30	19	29	21	44	21	25	16	23	21
97.....	30	19½	27	21	44	21	25	16	23	21
98.....	30	19½	29	22	44	22	25	16	24	22
99.....	30	20	29	22	44	22	25	16	24	22
100.....	30	20	30	22	44	22	26	16	24	22
101.....	30	20	30	22	44	22	26	16	24	22
102.....	31	20½	31	22	45	22	27	16	24	22
103.....	31	20½	31	23	45	23	27	16	25	23
104.....	31	21	31	23	46	23	27	17	25	23
105.....	32	21	31	23	46	23	27	17	25	23
106.....	32	21	31	23	47	23	27	17	25	23
107.....	32	21½	31	24	47	24	28	17	26	24
108.....	32	21½	32	24	48	24	28	17	26	24
109.....	33	22	32	24	48	24	29	17	26	24
110.....	33	22	33	24	48	24	29	18	26	24
111.....	33	22	33	24	49	24	29	18	27	24
112.....	34	22½	33	25	49	25	30	18	27	25
113.....	34	22½	33	25	50	25	30	18	27	25
114.....	34	23	33	25	50	25	30	18	27	25
115.....	35	23	34	25	51	25	30	18	28	25
116.....	35	23	34	26	51	26	30	19	28	26
117.....	35	23½	35	26	51	26	30	19	28	26
118.....	35	23½	35	26	52	26	31	19	28	26
119.....	36	24	35	26	52	26	31	19	29	26
120.....	36	24	35	26	53	26	31	19	29	26
121.....	36	24	36	27	53	27	31	19	29	27
122.....	37	24½	36	27	54	27	32	20	28	27

2. FROM EASTERN GROUPS EXCEPT NEW YORK TO WESTERN PERCENTAGE GROUPS SHOWN ON MAP 3

(a) *Class Rates*

In the last section an explanation was made of how rates are based from New York to western percentage groups. Rates from other points in New England and Trunk Line territories are usually based on the New York rates. Before beginning the study of how rates are based from these two freight association territories to western percentage groups, the grouping of Trunk Line and New England territories, as shown on Map 9, should be noted. The eastern basing points in these territories for westbound rates are as follows:

Albany, N. Y.	Lexington, Va.	Scranton, Pa.
Baltimore, Md.	Ogdensburg, N. Y.	Syracuse, Pa.
Belington, W. Va.	Philadelphia, Pa.	Virginia Cities.
Boston, Mass.	Pittsburg, Pa.	Williamsport, Pa.
Buffalo, N. Y.	Richwood, W. Va.	
Cumberland, Md.	Rochester, N. Y.	

In addition to these groups there are a number of groups shown on Map 9 which take arbitraries over some one of these base points. For example, the rates from Long Island are arbitraries over New York, and this group is marked "New York Plus." Also the group immediately south of New York in New Jersey is marked "New York Plus" for the same reason. There are numerous other groups marked as taking arbitraries or local rates over basing groups. These groups that take higher rates than certain other groups are situated east

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of the groups or on branch lines. Points lying immediately west of basing points commonly take the same rates as the base points, while points east of the base points take arbitraries or local rates over the base points. From eastern basing groups listed above and shown on Map 9 to percentage groups on Map 3 the class rates are based as shown in Table 7.³

(1) The same rates apply from approximately all New England (shown as the Boston group on Map 9) to percentage groups 71-122. These rates are the same as

³ The data of the table was furnished by the Trunk Line Association and it was enlarged from the rate bases set out in Petition No. 1 of the Trunk Lines for Relief from the Provisions of the Fourth Section of the Act to Regulate Commerce filed with the Interstate Commerce Commission in December, 1910.

TABLE 7
BASIS OF CLASS RATES FROM THE EASTERN BASING GROUPS SPECIFIED TO CENTRAL FREIGHT ASSOCIATION TERRITORY

ITEM	FROM EASTERN GROUPS	To PERCENTAGE GROUPS	RATES OR ARBITRARIES IN						REMARKS	
			CENTS PER 100 POUNDS							
			Classes							
			1	2	3	4	5	6		
1	Boston, Mass.	Buffalo								Higher than rates from New York to same points
		Pittsburgh- Erie	5	5	2½	2½	2½	2		
		60	5	4	3	3	2½	2		
		67	5	4	3	3	2½	2		
		67	3	2	2	2	1	1		
		70	0	0	1	0	0	0		
		71-122							New York rates	
2	Albany, N. Y.	60	6	6	2	2	2	2		Less than rates from New York to same points
		67	11	11	6	4	4	4		
		70	6	6	2	2	2	2		
		71	14	13	8	6	5	5		
		72	15	13	8	6	6	5		
		73-74	15	13	9	7	6	5		
			75-122							New York rates less 20% of New York- to Chicago rates

TABLE 7—CONTINUED

ITEM	FROM EASTERN GROUPS	To PERCENTAGE GROUPS	RATES OR ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
3	New Berlin, N. Y.	60-70							New York rates
		71	0	0	1	1	0	0	Lower than rates from New York to same points
		72	1	1	1	1	1	0	
		73	2	1	2	2	1	0	
		74	3	2	2	2	1	1	
		75	3	3	3	2	2	1	
		76	4	3	3	3	2	1	
		77	5	4	4	3	2	1	
78-122	6	5	4	3	2	2			
4	Ogdens- burg, N. Y.	60	5	4	3	3	2½	2	Higher than rates from New York to same points
		67	1	1	1	1	0	1	Lower than rates from New York to same points
		70	0	0	1	0	0	0	
		71	2	1	1	1	1	0	
		72	3	2	1	1	2	0	
		73	4	2	2	2	2	0	
		74	5	3	2	2	2	1	
		75	5	4	3	2	3	1	
		76	6	4	3	3	3	1	
		77	7	5	4	3	3	1	
		78	8	6	4	3	3	2	
		79	8	6	5	4	4	2	
		80	9	7	5	4	4	2	
		81	10	8	6	4	4	2	
		82-122	10	8	6	4	4	3	
5	Roches- ter-Syra- cuse N. Y.	60	9	8	7	5	4	3	Lower than rates from New York to same points
		67	14	13	11	7	6	5	
		70	10	9	6	5	4	4	
		71	17	15	13	9	7	6	
		72-122							70% of New York rates
6	Phila- delphia Balti- more	60-122	6	6	2	2	2	2	Less than rates from New York to same points
		60-122	8	8	3	3	3	3	

TABLE 7—CONTINUED

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATES OR ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
7	Scranton, Pa.	60	39	33	28	19	16	13	Same rates as from Philadelphia
		67	39	33	28	19	16	13	Arbitrary rates
		70	45	39	30	21	18	15	
		71-122							80% of rates New York to same points
8	Williamsport, Pa.	60	37	31	27	18	15	12	Same rates as from Baltimore
		67	39	34	27	18	15	13	Arbitrary rates
		70	43	37	29	20	17	14	
		71-122							77% of rates New York to same points
9	Cumberland, Md.	60 ¹	36	31	23	16	14	12	Arbitrary rates
		67	39	34	27	18	15	13	
		70 ²	43	37	29	20	17	14	Via Wn. Md. R. R. Via B. & O. R. R. Arbitrary rates
		71-122							77% of rates New York to same points
10	Belington, W. Va. ³	60-122	Cumberland rates but not less than						
			46	39	29	20	17	14	
11	Richwood, W. Va. ³	60-122	Cumberland rates but not less than						
			50	43	32	23	19	16	

¹ Except that to Pittsburgh and Wheeling the rates shown below apply.² Except that to Parkersburg the rates shown below apply.

Class	1	2	3	4	5	6
Rate	36	30	23	16	14	11

³ Except that to all points north of Butler, Pa., on B. & L. E. R. R.; all points on D. A. V. & P. R. R.; all points on J. C. & L. E. Ry.; all points northeast of Butler to Mt. Jewett, Pa., on B. & O. R. R.; all points east of Ashtabula, Ohio, on N. Y. C. & St. L. R. R.; all points east of Youngstown, Ohio, and Transfer, Pa., on Erie R. R.; and all points east of line Ashtabula to Youngstown through Andover, Ohio, on L. S. & M. S. R. R., the following rates apply:

Class	1	2	3	4	5	6
Rate	54½	47	35½	24	20	16

the rates from New York to the same percentage points. This means that New England receives the benefit of the low rates applying from New York to percentage groups 71 per cent and west thereof. From Boston rate points to percentage points 60-70 the class rates are slightly higher, as shown in Table 7, than from New York to the same points. The rates from the entire Boston group are blanketed to all percentage territory, and rates from Boston points, which include approximately all New England and considerable territory in Canada, to percentage points 71 per cent and higher are identical with the New York rates to the same destinations. It is common to blanket rates to or from intermediate points, but it is rare to accord the base rate to wide areas beyond a basing point as is done in this instance. Blanket rates are usually applied to the intermediate points and not to points beyond. For this reason, the territory covered by the Boston rate group is particularly favored by the application of the New York rates. At times the carriers serving Boston have even maintained rates on imports from Boston that were lower than from New York to percentage groups in Central Freight Association Territory. However, the Commission has ruled that rates on imports from Boston should not be lower than from New York to western percentage groups.⁴

Blanket rates are not accorded New England on eastbound shipments. Map 10 shows several groups for New England applicable on eastbound shipments, and the rate basis, which is materially different from that westbound, is set out in Chapter III.

(2) In item 2 of Table 7 the basis is shown for rates from Albany, N. Y., to percentage groups on Map 3.

⁴ The port differentials are treated in a later chapter.

From Albany to percentage groups 60-74, the arbitraries under the New York rates are shown in the table. These arbitraries vary from 6 cents to 15 cents first class under the New York rates. The scales of arbitraries that apply from Albany to 60 per cent and 70 per cent groups are the same as apply to those same groups from Philadelphia. From Albany to percentage groups 75-122, the rates are the New York rates less 20 per cent of the rates from New York to Chicago. This does not mean that the rates are 80 per cent of the New York-Chicago rates. For example, from Albany to 122 per cent points the rates are 122 per cent of 75 cents on first-class freight, minus 20 per cent of the New York-Chicago first-class rate of 75 cents. One hundred twenty-two per cent of 75 cents is $91\frac{1}{2}$ cents. Twenty per cent of 75 cents is 15 cents, and $91\frac{1}{2}$ cents minus 15 cents, leaves $76\frac{1}{2}$ cents, which under the rule of fractions is considered 77 cents, the rate from Albany to 122 per cent points on first-class freight. The rate on the other classes is computed in the same manner.

(3) The New Berlin (N. Y.) group is a small one located within the Albany group. The class rates from New Berlin to percentage points 60-70 are the same as from New York to the same points, but to percentage points 71-122 they are less than the New York rates to the same destinations by the amount of the arbitraries shown opposite each percentage group in item 3 of Table 7.

(4) The basis for rates from Ogdensburg, N. Y., to percentage groups 60-122 is shown in item 4 of Table 7. From Ogdensburg to percentage groups 60-70, the rates are slightly higher than from New York, as shown in the table, while to percentage groups 71-122 the rates are

lower than from New York to the same destinations. To ascertain the rates from Ogdensburg to any group in western percentage territory it is only necessary to add to or subtract from the rates that apply from New York to the same destinations the arbitraries shown in item 4 of Table 7.

(5) As shown on Map 9, Rochester and Syracuse, N. Y., are both in the same group for westbound rates. This is not true, however, of eastbound rates, as will be explained in the following chapter. Eastbound Rochester takes different rates from those applicable to Syracuse. For westbound rates, with which we are concerned here, item 5 of Table 7 shows the basis for the Rochester-Syracuse group. From the Rochester-Syracuse group to percentage groups 60-71 the rates are arbitraries under the New York rates to the same destinations, as is shown in the table. From the Rochester-Syracuse group to percentage groups 72-122 the rates are 70 per cent of the rates from New York to the same percentage groups. This makes the percentage basis very simple from the Rochester-Syracuse group to percentage groups 72 per cent and higher.

(6) From the Philadelphia and Baltimore groups the same scale of arbitraries under the New York rates applies to all percentage groups shown on Map 3. However, the same rates do not apply from Philadelphia to the same destinations as from Baltimore. As shown in item 6 of Table 7, the Philadelphia rates are 6 cents on first class under the New York rates to all percentage groups, while the Baltimore rates are 8 cents on first class under the rates from New York to the same destinations.

(7) From Scranton, Pa., to percentage groups shown on Map 3 the rate basis is shown in item 7. From Scranton

ton to the 60 per cent group the rates are the same as from Philadelphia. From Scranton to groups 67 and 70 per cent the basis is that of arbitrary rates as shown in the table. From Scranton to percentage groups 71-122 the rates are 80 per cent of the rates from New York to the same destinations.

(8) As shown in item 8 of Table 7 the rates from Williamsport, Pa., to the 60 per cent groups are the same as from Baltimore, but to both 67 and 70 per cent groups the basis is that of arbitrary rates as shown in the table. From Williamsport to percentage groups 71-122 the rates are 77 per cent of the rates from New York to the same destinations. From both the Scranton group and the Williamsport group to percentage groups 71-122, it is thus seen that the rates are the result of a double percentage system. The rates from New York to the percentage groups are a percentage of the New York-Chicago rates, and the rates from Scranton to these percentage groups are a percentage of the New York rates to the same destinations. The Scranton group takes 80 per cent and the Williamsport group takes 77 per cent of the rates from New York to the same destinations. Prior to May, 1912, the Scranton group was a part of the Philadelphia group, and the Williamsport group was a part of the Baltimore group. By comparing the Philadelphia basis with the present Scranton basis and the Baltimore basis with the present Williamsport basis it may be seen that the present bases for Scranton and Williamsport are materially different from the bases for Philadelphia and Baltimore to most percentage groups.

(9) From Cumberland, Md., to percentage territory the rate basis is shown in item 9 of Table 7. To 60 and 67 per cent groups arbitrary rates apply as shown in the

table. However, to Pittsburgh, Pa., and to Wheeling, W. Va., which are in the 60 per cent group, and to Parkersburg, W. Va., in the 70 per cent group, the rates are slightly different from those shown to other points in those percentage groups. This exception was forced by the competition of the cities and is explained in a note included within the item of the table. From Cumberland to the 70 per cent group, different rates apply by the two railways shown in the item. The first-class rate is 43 cents by the Western Maryland Railroad but only 36 cents by the Baltimore and Ohio Railroad. From Cumberland and Cumberland rate points to percentage groups 71-122 the rates are 77 per cent of the rates from New York to the same destinations. When the new Williamsport group was made, it was given the Cumberland rates to percentage groups 71-122; and at present the same rates apply from Williamsport as from Cumberland to percentage groups 71-122.

(10) From Belington, W. Va., and Belington rate points the Cumberland rates are applied, except that rates less than the scale shown in item 10 of the table cannot be applied. The minimum scale raises the rates higher than from Cumberland to the nearer percentage groups only. To the more distant percentage groups the rates are the same from Belington as from Cumberland.

(11) From Richwood, W. Va., and Richwood rate points as shown on Map 9, to percentage territory the Cumberland rates are applied, provided these rates are not below the minimum scale shown in item 11 of the table. The minimum scale applying from Richwood to percentage points is somewhat higher than from Belington to the same points. This minimum forces the rates

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up to a slightly wider territory from Richwood than the lower minimum, which applies from Belington. To all more distant points the rates are the same from both Belington and Richwood as from Cumberland. From both the Belington and Richwood groups there is an exception to the general basis as shown in the footnote of the table and indicated by the reference in items 10 and 11, but this exception applies only to a small group of points.

TABLE 8

BASIS OF CLASS RATES FROM WASHINGTON, D. C., AND THE VIRGINIA CITIES TO WESTERN PERCENTAGE GROUPS¹

ITEM	FROM EASTERN GROUPS	To PERCENTAGE GROUPS	RATES OR ARBITRARIES IN CENTS PER 100 POUNDS					
			Classes					
			1	2	3	4	5	6
1	Wash- ington, D. C.	60-122	8	8	3	3	3	3
			under New York rates but not less than					
			54½	47	35½	24	20	16
2	Virginia Cities	95-122	8	6	4	3	2	2
			under Baltimore rates					
		60-94	8	6	4	3	2	2
			under Baltimore rates but not less than the rates shown below (minimum rates)					
		60 and 67	54½	47	35½	24	20	16
		66	59	50	41	28	24	19
		70-76	54	47	35½	24	20	16
		77-78	54	47	36	24	20	17
		79-80	54	47	37	25	21	17
		81	54	47	38	25	21	17
		82-87	54	47	38	25	22	18
		88-93	54	47	40	27	23	18
		94	55	48	41	27	24	19

¹ Compiled from Petition No. 7 for Relief from the Fourth Section of the Act to Regulate Commerce filed with the Interstate Commerce Commission by the agent of the Trunk Line Association.

(1) Map 9 shows the Virginia Cities group and Table 8 shows the basis of class rates from Washington, D. C., rate points and the Virginia Cities to western percentage groups. Item 1 of the table shows that rates from the Washington group to western percentage groups are the same as those from Baltimore, ~~except that they are not less than the minimum scale shown in the table.~~

(2) The Virginia Cities group is shown on Map 9, and the rate basis is shown in item 2 of Table 8. The rates from the Virginia Cities to percentage groups 95-122 are certain arbitraries under the Baltimore rates; and to percentage groups 60-94 the rates are the same arbitraries under the Baltimore rates but not less than the rates shown in item 2 as minima. The rates from the Virginia Cities are, therefore, the New York rates minus the sum of the Baltimore and Virginia Cities arbitraries, but not less than the minimum rates shown in item 2 of the table. For example, the rates from the Virginia Cities are 16 cents on first class and 5 cents on sixth class, under the rates from New York, except where the minima prevent the arbitraries from being applied in full. It is worthy of note that the rates from the Virginia Cities are less than those from Baltimore. The New York-Chicago rates are themselves on a very low basis. The Baltimore rates by competition were forced materially under the New York rates, and by the competition for traffic from the Virginia ports a still lower scale of class rates has been applied from the Virginia Cities than from Baltimore, even though the distance from Norfolk to most percentage groups is more than from Baltimore; and the low competitive rates are applied from the ports, and from the main-line intermediate points, and from other important common points shown on Map 9.

Map 9 shows stations Lexington to Winchester, Va.,

Basic, Va., to Hagerstown, Md., and Richmond to Alexandria, Va., in the Lexington group. However, on shipments routed northward from Washington, Alexandria, Hagerstown, and Winchester via the trunk lines to percentage territory in the United States, the Baltimore rates apply; but when shipments are routed southward via the Chesapeake & Ohio Railway destined to percentage territory, Washington, Alexandria, Hagerstown, and Winchester are all included in the Lexington group, and the Baltimore rates apply subject to the Virginia Cities-Pittsburgh scale as minimum rates. The Lexington rates are the same as the Baltimore rates except where the Virginia Cities-Pittsburgh scale is slightly higher than the Baltimore rates. The Virginia Cities group is also shown on Map 9. The main lines of the Chesapeake & Ohio Railway from Norfolk, Berkley, and Fort Monroe, Va., to Malden, W. Va., inclusive, via both Staunton and Lynchburg, Va., are included in the Virginia Cities group; also the Norfolk and Western Railway from Norfolk to Roanoke and Salem, Va., inclusive. From all stations on these main lines the Virginia Cities rates apply.

In connection with the Virginia Cities rates, it is interesting to note that from stations on the Virginian Railway, lying immediately south of the main line of the Norfolk and Western Railway, the Virginia Cities rates are applied from Roanoke and Salem on the west and Suffolk and east thereof only. Stations on the Virginian Railway west of Suffolk and east of Roanoke take arbitraries over the Virginia Cities rates, governed by the Official Classification and exceptions. Rates from points south of the Virginian Railway to percentage territory shown on Map 3 are made on combination through the

Virginia gateways or the Ohio River Crossings, and are consequently materially higher than the remarkably low rates from the Virginia Cities. Points on the Virginian Railway, because of intermediate location, are perhaps justly accorded rates neither so low as the Virginia Cities rates nor so high as the rates to points lying farther south.

Map 9 also shows certain points and lines lying between the Lexington groups and between the main lines of the westbound Virginia Cities routes as taking arbitraries over either the Virginia Cities, the Lexington, or the Baltimore rates. The stations lying between the two Lexington groups take either arbitraries or local rates over the Baltimore rates on the north, over the Lexington rates on the east and west, or over the Virginia Cities rates on the south. The shipments from these interior points are usually made via the route over which the cheapest combination may be obtained. For example, from Manassas, Va., freight may be shipped westward through Front Royal at the Lexington rates plus the locals from Manassas to Front Royal; northward through Washington, D. C., at the Baltimore rates plus the locals from Manassas to Washington; or southward through Orange, Va., at the Virginia Cities rates plus the locals from Manassas to Orange. The Manassas freight is likely to move over the route by which the best service is offered or the cheapest combination applies. This is true of all other stations within this group shown on Map 9. The traffic from the stations lying near the Baltimore group would naturally flow through the Baltimore group while the traffic from the stations near the Lexington and the Virginia Cities groups would flow through those groups. There are also certain lines between the

Norfolk and Western Railway and the northern route of the Chesapeake & Ohio Railway that take arbitraries over the Virginia Cities rates. West Point, Va., on the Southern Railway is shown as taking the Virginia Cities rates, while points between West Point and Richmond, Va., take arbitraries over the Virginia Cities rates.

In studying the Virginia Cities and Lexington groups on Map 9, it should be borne in mind that rates from Richmond, Doswell, Staunton, Basic, and Lexington, when shipments are routed northward, are the Lexington rates, but when shipments are routed westward by the Chesapeake & Ohio Railway from these same points to Central Freight Association Territory, the rates are the Virginia Cities rates. This means that the fourth section^{*} of the Act to Regulate Commerce is not violated via the direct routes in this instance. However, it has been shown that the rates via the Virginian Railway do violate the fourth section in that the Virginia Cities rates apply from Norfolk, Suffolk, etc., on the east over the Virginian Railway, while the rates from stations between Suffolk and Roanoke, Va., are arbitraries over the Virginia Cities rates. In this instance the fourth section of the Act is violated. There are also many departures from the fourth section via circuitous routes from points in Virginia to percentage territory shown on Map 3.

^{*} The fourth section of the Act to Regulate Commerce is popularly known as the "long-and-short-haul clause" of the Act. This section provides: "That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through route than the aggregate of the intermediate rates. . . ."

How class rates are based from the 13 groups in Trunk Line and New England territories to percentage territory (Map 3) has been explained. There are numerous small branch lines within a number of the eastern groups that take arbitraries over the group rates. In such cases the first letter of the group name is usually used with a plus sign following to indicate that the group rates plus either arbitraries or local rates apply. In some cases the routing of the freight affects the rate. For example, in the New York group northwest of New York City, the line of the Ulster & Delaware Railroad is shown as taking either "New York Plus" or "Albany Plus." The New York rates plus arbitraries apply when routed via Kingston, N. Y., and the Albany rates plus arbitraries apply when routed via Oneonta, N. Y.

(b) Commodity Rates

The basis for class rates from eastern groups to percentage territory in the United States is shown in Tables 7 and 8 and explained in the preceding paragraphs. Before explaining the basis for commodity rates the general rules for computing these rates are given. The following rules are observed in computing westbound commodity rates:

(1) When a rate per ton is established on any commodity from New York to Chicago, either locally or as a basis for other western points, and it is desired that corresponding rates shall apply from other eastern cities, the rate per ton is in all cases used as the basis for computing the rates upon such commodity, and not the equivalent rate per 100 pounds.

(2) When a rate per 100 pounds or per ton is established upon any commodity from an interior Trunk Line

point other than points taking Philadelphia or Baltimore rates to Chicago, and it is desired that corresponding rates shall apply to other western points, such rates are arrived at by computing the rate per 100 pounds or per ton on the established percentages shown on Map 3 of the rate from such interior point to Chicago.⁶

(3) When a rate per 100 pounds or per ton is established on any commodity from an interior Trunk Line point taking Philadelphia or Baltimore rates to Chicago, and it is desired that corresponding rates shall apply to other western points, such rates are computed on the basis of the equivalent New York rates per 100 pounds or per ton.⁷

Table 9 shows the basis for commodity rates from groups in Trunk Line and New England territories to percentage groups in the United States shown on Map 3.

(1) Item 1 of the table shows the basis of rates from the Boston group to percentage territory. From the Boston group to the Western Termini and other 60 per cent points, the rates are the class arbitraries over the

• Illustrations:

(i) Assuming a commodity rate has been established from Albany, N. Y., to western points on basis of 16 cents per 100 pounds, Albany to Chicago, the rate to East St. Louis would be computed on the basis of 117 per cent of 16 cents, which would make the rate to East St. Louis 19 cents per 100 pounds.

(ii) Assuming a commodity rate has been established from Albany, N. Y., to western points on basis of \$3.20 per ton, Albany to Chicago, the rate to East St. Louis would be computed on the basis of 117 per cent of \$3.20, which would make the rate to East St. Louis \$3.74 per ton.

† Illustration:

(i) Assuming a commodity rate has been established from Lancaster, Pa., to western points on the basis of 22 cents per 100 pounds, Lancaster to Chicago, to obtain the East St. Louis rate, take 117 per cent of 22 cents, or 26 cents, from which deduct the Philadelphia differential of 2 cents, making the rate Lancaster to East St. Louis 24 cents per 100 pounds.

New York rates that apply from Boston to the same points of destination when the commodity rates happen to be the same as a class rate. However, when a commodity rate falls between two classes in amount per 100

TABLE 9
BASIS FOR COMMODITY RATES FROM GROUPS IN TRUNK LINE AND
NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT
ASSOCIATION TERRITORY

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
1	Boston, Mass.	Trunk Lines' West- ern Termini and 60% points	When a commodity rate from New York is the same as a certain class rate, the same arbitrary over the New York rate applies as on the class rate (Table 7, item 1) When a commodity rate from New York is not the same as a class rate, the same arbitrary over the New York rate applies as on the next higher class rate (Table 7, item 1)
		67-71	Same rates as from New York to 71% points but not less than from Boston to 60% points
		72-122	New York rates but not less than from Boston to 60% points
2	Albany, N. Y.	60-122	80% of rates from New York to Chicago and other 100% points. To other points rates are scaled on the basis of the established percentage of the rate from Albany to Chicago
3	New Berlin, N. Y.	60-77	Same rates as from New York but not higher than rates from New Berlin to 78% points
		100	Less than rates from New York 1. 2 Class..... 1 2 3 4 5 6 Differential.. 6 5 4 3 2 2
		78-122 (except 100)	Percentages shown in groups on Map 3 of New Berlin-Chicago rates

TABLE 9—CONTINUED

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
4	Ogdens- burg, N. Y.	60	Same rates as from Boston
		67-77	Same rates as from Boston but not higher than from Ogdensburg to 78% points
		100	Less than from New York ^{1,2} Class..... 1 2 3 4 5 6 Differential...10 8 6 4 4 3
		78-122 (except 100)	Percentages shown in groups on Map 3 of Ogdensburg-Chicago rates
5	Roches- ter-Syra- cuse, N. Y.	60-122	70% of rates from Syracuse ^{New York} and Rochester to Chicago and other 100% points. To other points rates are scaled on the established percentage basis of the rate from Rochester to Chicago
6	Philadel- phia Baltimore	60-122	Following differentials less than from New York to same groups ⁴ Class..... 1 2 3 4 5 6 Differential.. 6 6 2 2 2 2 Differential.. 8 8 3 3 3 3
7	Scranton, Pa.	60	Same rates as from Philadelphia
		67-122	80% of rates from New York to Chicago and other 100% points. To other points rates are scaled on the established percentage basis of the rate from Scranton to Chicago but not less than from Philadelphia to 60% points
8	Williams- port, Pa.	60	Same rates as from Baltimore
		67-122	77% of rates from New York to Chicago and 100% points. To other points rates are scaled on the established percentage basis of the rate from Williamsport to Chicago but not less than from Baltimore to 60% points

TABLE 9—CONTINUED

ITEM	FROM EASTERN GROUPS	TO PERCENTAGE GROUPS	RATE BASIS FOR COMMODITIES
9	Cumber- land, Md.	60-122	77% of rates from New York to Chicago and 100% points. To other points rates are scaled on the established percentage basis of the rates from Cumberland to Chicago but not less than from Baltimore to 60% points when routed via Pennsylvania Railroad
10	Belington, W. Va. Rich- wood, W. Va.	60-122	In general on Cumberland basis subject to various minima, but a number of exceptions are applied
11	Lexing- ton, Va.	60-122	General commodity rates are on the same basis as Baltimore rates but not less than the commodity rates from the Virginia Cities to Pittsburgh ³
12	Virginia Cities	60-122	Baltimore commodity rates subject to varying minima ³

¹ When a commodity rate from New York to any group is the same as a standard class rate, the differential under or over the New York rate for the class rate is applied to the commodity rate; when a commodity rate is not the same, the differential for the next higher class is applied.

² In connection with westbound commodity rates upon a lower basis than sixth class (i. e., 25 cents per 100 pounds New York to Chicago), the following differentials are applied:

<i>Standard Rate Basis New York to Chicago</i> (Cents per 100 pounds)	<i>Differential</i> (Cents per 100 pounds)
24	2
23	2
22	2
21	2
20 and less	1

The differential for rates per ton, net or gross, is 20 times the differential per 100 pounds.

³ Rates on various commodities from Lexington and the Virginia Cities are not made according to the general basis for commodity rates.

⁴ The same commodity rates are applied on traffic from New York, Philadelphia, Baltimore, and points taking same rates to Buffalo and points taking Buffalo rates as are duly established upon like traffic from Philadelphia to Erie, Pa., except as may be otherwise provided.

pounds, the arbitrary applying on the next higher class from Boston to destination applies on the commodity rate. The class arbitraries over the New York rates applying from Boston are shown in Table 7, item 1. From the Boston group to percentage groups 67-71, the rates are the same as from New York to 71 per cent points but not less than from Boston to 60 per cent points. From the Boston group to percentage groups 72-122 the commodity rates are the same as from New York but not less than from Boston to 60 per cent points.

(2) Item 2 of Table 9 shows the basis for commodity rates from Albany (N. Y.) rate points as grouped on Map 9 to percentage groups shown on Map 3. The rates are 80 per cent of the rates from New York to Chicago and other points taking 100 per cent of New York-to-Chicago rates. Rates to points taking other than 100 per cent of New York-to-Chicago rates are scaled on the percentage basis of the rates from Albany to Chicago.

(3) From New Berlin (N. Y.) rate points shown on Map 9 to 100 per cent points, the commodity rates are the differentials shown in item 3 less than rates on the same commodities from New York to the same destinations. That is, the class differential of the class rate that is the same or immediately higher than the commodity rate is deducted from the New York rates to the same destinations. To percentage points 60-77 the same rates apply from New Berlin rate points as from New York, except that these rates may not exceed the rates from New Berlin to 78 per cent points. To percentage points 78-122 (except 100) the rates are percentages shown in groups on Map 3 of the New Berlin-Chicago rates.

(4) From Ogdensburg (N. Y.) rate points shown on Map 9 to 60 per cent points shown on Map 3, the rates

are the same as from Boston. To percentage points 67-77, shown on Map 3, the rates are the same as from Boston but not higher than from Ogdensburg to 78 per cent points. To 100 per cent points the commodity rates are less than those from New York by the differentials shown in item 4 of Table 9. To percentage points 78-122 (except 100) the commodity rates are the percentages shown in groups on Map 3 of the Ogdensburg-Chicago rates.

(5) From Rochester-Syracuse rate points to percentage points shown on Map 3, the general commodity rates are 70 per cent of the rates from New York to Chicago and other 100 per cent points. To points other than 100 per cent, rates are scaled on the established percentage of the rate from Rochester to Chicago. There is a notable exception to the general basis of 10 cents on bulk salt to Chicago. This low basis is not applied to other percentage points^s and is defended on the ground of water competition. The class rates to percentage groups 72-122 are also on the same basis.

(6) The basis for rates from Philadelphia and Baltimore to percentage groups on Map 3 is that of differentials under the rates from New York. The class differential of the class rate which is the same as or immediately higher, than the commodity rate, is applied. For example, if a commodity rate from New York to Chicago is 25 cents, the rate from Philadelphia is 2 cents less, or 23 cents, and from Baltimore it is 3 cents less, or 22 cents. If there is no class rate exactly the same as a commodity rate, the differential for the class rate next higher applies from Philadelphia and Baltimore. This means that practically the same differentials under the

^s 28 I. C. C. Rep., 38-46; 20 I. C. C. Rep., 530, 531.

New York rates apply on commodity rates from Philadelphia and Baltimore as on class rates for a rate of the same amount per 100 pounds.

(7) The commodity rates from the Scranton (Pa.) rate points to 60 per cent points are the same as from Philadelphia to the same groups. To other groups shown on Map 3 the rates are 80 per cent of similar rates from New York to Chicago and other 100 per cent points. To points other than 100 per cent points the rates are scaled on the established percentage basis of the rate from Scranton to Chicago, except that the rates from Philadelphia to the 60 per cent group apply as minima from Scranton to percentage groups 67-122. The class rates to percentage points 71-122 are on the same basis as the commodity rates, and the commodity rates from Albany to groups 60-122 are on the same basis as from Scranton to groups 67-122, except the rates from Philadelphia to the 60 per cent group do not apply as minima from Scranton.

(8) The commodity rates from Williamsport (Pa.) rate points to 60 per cent points are the same as from Baltimore to the same group. To percentage groups 67-122, commodity rates are 77 per cent of the rates from New York to Chicago and other 100 per cent points. To points other than 100 per cent the rates are scaled on the established basis of the rates from Williamsport to Chicago, except that the rates from Baltimore to 60 per cent points apply as minima. To percentage points 71-122, the basis for class rates is the same as for commodity rates, and the Cumberland basis for commodities is also that of 77 per cent of the New York rates to percentage groups 60-122.

(9) From the Cumberland (Md.) rate points the com-

modity rates are 77 per cent of the rates from New York to Chicago and other 100 per cent points. To points other than 100 per cent the rates are scaled on the established percentage basis from Cumberland to Chicago. However, via the Pennsylvania Railroad the rates from Baltimore to 60 per cent points are observed as minima.

(10) The commodity rates from Belington and Richwood, W. Va., and points taking the same rates are in general on the same basis as the Cumberland rates but are subject to various commodity minima and to a number of exceptions shown in the tariffs.

(11) The commodity rates from the Lexington (Va.) group are on the same general basis as from Baltimore. That is, the rates from the Lexington group are the same arbitraries under the New York rates as the Baltimore rates are. However, certain competitive influences have caused rates on a number of commodities to be made without regard to the general basis.

(12) The commodity rates from the Virginia Cities group as shown on Map 9 to percentage territory shown on Map 3 are the same as rates from Baltimore to the same percentage groups, except that the Virginia Cities rates are subject to varying minima. Certain commodities from the Virginia Cities to percentage territory are not based on the Baltimore rates. Competitive influences have forced the rates on these commodities to be made without regard to the general basis.

The class and commodity rates from the eastern groups in Trunk Line and New England territories are based as has been explained in the preceding paragraphs. These rates do not violate, in general, the fourth section of the Act to Regulate Commerce via the direct routes. However, much freight is carried via circuitous routes,

TABLE 10
BASIS OF WESTBOUND RATES FROM THE EASTERN BASING POINTS
SPECIFIED TO CANADIAN PERCENTAGE GROUPS
76-C TO 100-C¹

ITEM	FROM EASTERN GROUPS	To PERCENTAGE GROUPS	ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
1	Boston, Mass.	76-C to 100-C							New York rates
2	Albany, N. Y.	76-C to 100-C							New York rates less 20% of New York-to- Chicago rates
3	Ogdensburg, N. Y.	76-C	4	3	3	2	1	1	Less than from New York to same points
		76-D	6	4	4	3	2	1	
		78-C	6	5	3	2	2	2	
		78-D	8	6	4	3	3	2	
		80-C	7	6	4	3	3	2	
		82-C to 100-C	8	6	4	3	3	2	
4	Syracuse, N. Y.	76-C to 100-C							70% of New York rates
5	Philadelphia and Scranton, Pa.	76-C							New York rates
		76-D	4	4	2	2	1	1	Less than New York
		78-C							New York rates
		78-D	6	6	2	2	2	2	Less than New York
		80-C to 100-C							New York rates
6	Baltimore, Md. Williamsport, Pa.	76-C							New York rates
		76-D	6	6	3	3	3	3	Less than New York
		78-C							New York rates
		78-D	8	8	3	3	3	3	Less than New York
		80-C to 100-C							New York rates

¹ Compiled from Revised Percentage Bases for Through Westbound Freight Rates (supplements 1-12) and from N. Y. C. & H. R. R. freight tariff I. C. C. No. B-10870 and supplement 25 thereto.

centage points in the United States taking the same percentages. They are 70 per cent of the rates from New York to the same destinations.

(5) The rates from the Philadelphia, Scranton, Williamsport, and Baltimore groups to Canadian percentage points are quite different from those from the same points to percentage points in the United States. Except to 76-D and 78-D points the rates are the same from these groups as from New York to the same destinations. However, to percentage groups 76-D and 78-D the rates are arbitraries under the New York rates for the four groups as shown in items 5 and 6 of Table 10. When the rate became effective from the two new groups, Scranton changed to most percentage points in the United States, but no alteration in rates was made from those groups to Canadian percentage territory.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. Discuss the use of distance rates in the United States.
2. How are rates between territory on Maps 3 and 4 on the one hand and Trunk Line and New England Freight association territories on the other based?
3. To what extent does this system apply to Canada?
4. In studying New York-Chicago rates, what distance is used?
5. Give the class rates applying between New York and Chicago via different routes shown on Table 1.
6. Give the class rates all-rail from Philadelphia, Boston, and Baltimore to Chicago.
7. Give the all-rail rates from New York to Chicago on the following commodities: cement, coffee, sugar, pig tin.
8. Give the all-rail rates from Chicago to New York on the following commodities: cement, grain, grain products, lumber, salt, fresh meats.
9. What is the first-class rate from New York to a point taking 80 per cent of the rate to Chicago? To a 120 per cent point?
10. What is the rate on coffee to a 60 per cent point? To an 80 per cent point? To a 110 per cent point? To a 115 per cent point?
11. Name the eastern basing points for westbound rates.
12. What does "New York Plus" mean?
13. How are class rates from Boston to 70 per cent points found?
14. How are rates from Albany to 60 per cent points found? From New Berlin to 70 per cent points?
15. Are all Ogdensburg rates lower than New York rates to western points? Give the arbitraries applying to different groups.
16. How are rates from Philadelphia to percentage points made? From Baltimore to the same points?
17. What rates apply from the greater part of New England to 71-122 per cent points?
18. Are Rochester and Syracuse in the same groups both eastbound and westbound?
19. How are rates from Washington, D. C., to percentage points made?
20. How are rates from Virginia Cities to percentage points made?
21. Give the rules for figuring westbound commodity rates.

FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

ONE OF A SERIES OF PUBLICATIONS OF THE BUREAU OF
COMMERCE AND DEPARTMENT OF COMMERCE

U. S. DEPARTMENT OF COMMERCE
BUREAU OF COMMERCE

WILLIAM C. HENNING, A. D.
SPECIAL AGENT IN CHARGE

PART 2
ALL RAIL RATES EASTBOUND

LA SALLE UNIVERSITY
(Incorporated in Illinois)
CHICAGO

INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

Prepared under Editorial Supervision of
Samuel MacClintock, Ph. D.

The subjects listed below constitute the basic material of a course in Interstate Commerce and Railway Traffic. This course is especially designed to meet the increasingly growing demand for efficiently trained men in railroad and industrial traffic work; to assist students to pass the examinations for government service under the Interstate Commerce Commission; and to meet the demand for men competent to direct the work of commercial organizations and traffic bureaus. With the exception of the Atlas of Railway Traffic Maps, the subjects listed below are covered in an average of approximately 200 pages each.

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Freight Rates: Official Classification, Territory and Eastern Canada
Freight Rates: Southern Territory
Freight Rates: Western Territory
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FREIGHT RATES
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AND EASTERN CANADA

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CHAPTER III

ALL-RAIL RATES EASTBOUND

1. FROM WESTERN PERCENTAGE GROUPS TO NEW YORK

(a) *Class Rates*

In Chapter II the class rates from New York rate points to percentage groups on Map 3 were shown in Table 4. In this chapter the rates are shown in the opposite direction. The class rates from most of the percentage groups shown on Map 4 to New York rate points are shown in Table 11. It may be noted on the table that from points in the 100 per cent group to New York the rates are those of the familiar scale of class rates applying between New York and Chicago shown in Table 1. This is the base scale for the class rates applying from all percentage points on Map 4 to New York rate points shown on Map 10. The rates from the other groups are computed by taking the percentages, shown in the groups of Map 4 and in the left-hand column of the table of this scale, of the class rates applying from Chicago to New York. The most notable difference between Tables 4 and 11, which apply in opposite directions, is that the latter contains a large number of fractions. The reason for this is that there is a difference in method of evaluating fractions in computing the eastbound rates from that in computing the westbound rates. It has been explained that in computing westbound rates, all fractions of less than one-half are disregarded

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and fractions of one-half and more are considered whole numbers. On eastbound computations fractions of one-fourth of a cent and less are disregarded, fractions of more than one-fourth of a cent to and including three-fourths of a cent are written as one-half cent, while fractions of more than three-fourths of a cent are written as a unit. This method of computation accounts for the numerous fractions in Table 11.

The grouping of points in Central Freight Association Territory for eastbound shipments is not the same as that for westbound shipments. This is shown on Maps 3 and 4. For example, the class rates from New York to Vincennes, Ind., are 108 per cent of the New York-Chicago ¹ rates, while from Vincennes to New York

TABLE 11
CLASS RATES FROM PERCENTAGE GROUPS SHOWN ON MAP 4 TO
NEW YORK RATE POINTS ¹

FROM PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
60	45	39	30	21	18	15
66½	50	43	33	23½	20	16½
67	50	43½	33½	23½	20	16½
68	51	44	34	24	20½	17
69	51½	45	34½	24	20½	17
70	52½	45½	35	24½	21	17½
71	53	46	35½	25	21½	17½
72	54	47	36	25	21½	18
73	54½	47½	36½	25½	22	18
74	55½	48	37	26	22	18½

¹ The class rates between New York and Chicago are the same in both directions.

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TABLE 11—CONTINUED

FROM PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
75	56	48½	37½	26	22½	18½
76	57	49½	38	26½	23	19
77	57½	50	38½	27	23	19
78	58½	50½	39	27½	23½	19½
79	59	51½	39½	27½	23½	19½
80	60	52	40	28	24	20
81	60½	52½	40½	28½	24½	20
82	61½	53½	41	28½	24½	20½
83	62	54	41½	29	25	20½
84	63	54½	42	29½	25	21
85	63½	55	42½	29½	25½	21
86	64½	56	43	30	26	21½
87	65	56½	43½	30½	26	21½
88	66	57	44	31	26½	22
89	66½	58	44½	31	26½	22
90	67½	58½	45	31½	27	22½
91	68	59	45½	32	27½	22½
92	69	60	46	32	27½	23
93	69½	60½	46½	32½	28	23
94	70½	61	47	33	28	23½
95	71	61½	47½	33	28½	23½
96	72	62½	48	33½	29	24
97	72½	63	48½	34	29	24
98	73½	63½	49	34½	29½	24½
99	74	64½	49½	34½	29½	24½
100	75	65	50	35	30	25
101	75½	65½	50½	35½	30½	25
102	76½	66½	51	35½	30½	25½
103	77	67	51½	36	31	25½
104	78	67½	52	36½	31	26
105	78½	68	52½	36½	31½	26
106	79½	69	53	37	32	26½
107	80	69½	53½	37½	32	26½
108	81	70	54	38	32½	27
109	81½	71	54½	38	32½	27
110	82½	71½	55	38½	33	27½
111	83	72	55½	39	33½	27½
112	84	73	56	39	33½	28
113	84½	73½	56½	39½	34	28
114	85½	74	57	40	34	28½
115	86	74½	57½	40	34½	28½
116	87	75½	58	40½	35	29
117	87½	76	58½	41	35	29

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TABLE 11—CONTINUED

FROM PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
118	88½	76½	59	41½	35½	29½
119	89	77½	59½	41½	35½	29½
120	90	78	60	42	36	30
121	90½	78½	60½	42½	36½	30
122	91½	79½	61	42½	36½	30½
123	92	80	61½	43	37	30½
124	93	80½	62	43½	37	31
125	93½	81	62½	43½	37½	31

the rates are only 103 per cent of the New York-Chicago rates. Also the rates from New York to Evansville, Ind., are 110 per cent of the New York-Chicago rates, while from Evansville to New York the rates are only 105 per cent of the New York-Chicago rates. For west-bound rates the 110 per cent group extends east almost to Louisville, as shown on Map 3, while the eastern part of the 110 per cent group on Map 3 is included in the 105 per cent group on Map 4. On Map 3 the territory around Charleston, W. Va., is shown in the form of a chubby foot, while on Map 4 it is in the form of a slender one. So, there are numerous differences between the grouping of the territory for eastbound and for west-bound rates.

Rates from Canadian percentage territory (immediately north of Lakes Erie and Ontario) to New York are based on the rates from Chicago to New York. Table 12 shows the class rates for the six classes from Canadian percentage groups on the Grand Trunk Railway to the New York rate group. The rates for the 100 per cent group (Chicago) are the basis for the rates from the other groups. The rates from the groups are the per-

centages shown in the table of the rates from Chicago to New York.²

TABLE 12

CLASS RATES FROM CANADIAN PERCENTAGE GROUPS TO NEW YORK
RATE POINTS ¹

TO EASTERN GROUP	FROM PERCENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
		Classes					
		1	2	3	4	5	6
	73	55	47	37	26	22	18
	78 }						
	78-A }	58½	50½	39	27½	23½	19½
	80	60	52	40	28	24	20
	82	61½	53½	41	28½	24½	20½
New York, N. Y.	84	63	54½	42	29½	25	21
	85	63½	55	42½	29½	25½	21
	87	65	56½	43½	30½	26	21½
	89	66½	58	44½	31	26½	22
	93	69½	60½	46½	32½	28	23
	100	75	65	50	35	30	25

¹ From freight tariff I. C. C. No. 1785 of the Grand Trunk Railway System.

(b) *Commodity Rates*

(1) *General Commodity Basis*.—From percentage groups on Map 4 to the New York group shown on Map 10, the larger number of commodity rates are based on the rates from Chicago to New York in the same manner as the class rates are. The rates from points other than those in the 100 per cent group to New York are the percentages shown on Map 4 of the commodity rates from Chicago to New York. Table 13 contains rates from Chicago to New York rate points. The rates on these same commodities from other percentage groups shown on Map 4 to the New York group shown on Map 10 are the percentages shown on Map 4 of the rates shown in Table 13.

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TABLE 13

BASES FOR RATES, EXCEPT AS OTHERWISE PROVIDED, ON VARIOUS
COMMODITIES FROM POINTS IN CENTRAL FREIGHT ASSOCI-
ATION TERRITORY TO NEW YORK RATE POINTS

COMMODITIES IN CARLOADS FROM CHICAGO TO NEW YORK	BASES IN CENTS PER 100 POUNDS
Anodes (released to valuation of \$100 per net ton).....	20
Ammonia, Aqua, in tank cars.....	22
Asphaltum	} N. O. S. in Official Classification,
Asphaltum substitutes	
in barrels, cakes, drums (iron), sacks, or in tank cars, mini- mum weights, in packages specified, 40,000 lbs., in tank cars, as per Official Classification.....	22
Binder, Briquette Coal (a by-product of Coal Tar), minimum weight 30,000 lbs.	20
Bleach, in casks and metal drums, minimum weight 30,000 lbs.	22
Blocks, Mastic, minimum weight 40,000 lbs.	22½
Blocks or Brick, and articles given same rates¹.....	21

¹ The rates named herein to apply on brick and articles taking same rates,
will be applied as follows:

(a) On Clay or Shale and on the following articles made thereof:

Bisque, old or broken	Crockery, old or broken
Blocks or Brick, viz.:	Crucibles, broken
Brick, old or broken	Curbing, Street, vitrified
Building	Guards, Cattle
Crome	Heads, Stopper and Sleeves (a fire clay cylindrical-shaped article for covering the iron rods used at open- hearth furnaces for agitating and cleaning the orifice in the tuyeres)
Common	Insulators, porcelain, old or broken
Corundite	Lining, Stove
Fire	Lining, Flue
Furnace	Moulds, plaster, old or broken
Furnace, broken	Pots, corrosive, old or broken
Hollow	Pots, Glass, House, broken
Magnesite	Proofing, Fire Clay
Paving	Pottery, old or broken
Pressed (enameled brick or block excepted)	Saggers, broken
Radial	Shells, Pot, old or broken
Salt-glazed (when shipped in same manner as pressed brick or block, individual brick or block not be- ing packed)	Slabs, Tile (not roofing or ornamental tile), (loaded loose in cars, without hay, straw or other packing for protection)
Sand-Lime	Stoneware, old or broken
Segment, vitrified	Tile, Building, Hollow
Silica	Tile, old or broken
Tank	Tuyeres
Tank, broken	
Clay or Shale, Common or Fire	
Conduits	

(b) On the following articles not made of Clay or Shale:
Blocks, Asphalt Paving Conduits, Stone

ALL-RAIL RATES EASTBOUND

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TABLE 13—CONTINUED

COMMODITIES IN CARLOADS FROM CHICAGO TO NEW YORK	BASIS IN CENTS PER 100 POUNDS
Bullion, Base (released to valuation of \$100 per net ton).....	20
Calcium, Chloride	22
Cake, Salt	22
Cement, Common, Hydraulic, Natural or Portland, in barrels or sacks	20
Clay (except Common or Fire) minimum weight, 40,000 lbs....	22½
Coal, Cannel ²	22½
Concentrates, Bauxite Ore, in bags, barrels, sacks or in bulk (released to valuation of \$10 per net ton and so stated in ship- ping tickets), minimum weight 40,000 lbs.	22
Concentrates, Lead (released to valuation of \$100 per net ton)	17½
Copper Bars (released to valuation of \$100 per net ton).....	20
Copper Bilsters (released to valuation of \$100 per net ton)....	20
Copper Matte (released to valuation of \$100 per net ton).....	20
Feldspar	22
Filler, Paper (Precipitated Carbonate of Lime or Precipitated Sulphate of Lime)	22
Flint	22
Fluoride, Aluminum, in bags, barrels, sacks or bulk (released to valuation of \$10 per net ton and so stated in shipping tickets), minimum weight 40,000 lbs.	22
Implements, Agricultural, Cream Separators, Dump Carts, Farm Carts, Farm Wagons, Gasoline Wagons, Traction Engines, Windmills, and parts thereof, and Binder Twine, in straight or mixed carloads, minimum weight 30,000 lbs., for export only	25
Kaolin, minimum weight 50,000 lbs.	22½
Lead, Pig (released to valuation of \$100 per net ton).....	17½
Lead, Sublimed, minimum weight 40,000 lbs. (when shipped dry and not in oil, or otherwise)	20
Lime	22½
Limestone, Ground or Pulverized, and Limestone Dust.....	20
Liquors, ammoniacal, in tank cars	22
Mortar, dried, Plaster, land and wall, Plaster Paris and Stucco, minimum weight 40,000 lbs.	22½

² The rates on this basis do not include the cost of handling or lighterage in New York Harbor, and prior to issuing tariffs naming the rates satisfactory arrangements will be made with each Trunk Line and New England Line which desires to participate in the business, as to the manner in which the traffic is to be handled, the point of delivery at destination, the division of the through rates, etc.

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TABLE 13—CONTINUED

COMMODITIES IN CARLOADS FROM CHICAGO TO NEW YORK	BASES IN CENTS PER 100 POUNDS
Oil, Petroleum and Petroleum Products	27½
Ore, Copper (released to valuation of \$100 per net ton).....	20
Ore, Lead or Zinc (released to valuation of \$100 per net ton) ..	20*
Paper (to be used for newspapers only), in bundles or rolls, minimum weight 36,000 lbs.	20
Paper, Building and Roofing, Classified fifth class in Official Classification	20
Petroleum and its Products (see Oil, Petroleum), Pitch (except Pine Pitch), minimum weights: in wood 40,000 lbs., in tank cars as per Official Classification	22
Plaster, Land and Wall (see Mortar) .....	...
Plaster Paris (see Mortar) .....	...
Potash, Muriate of	22
Potash, Sulphate of	22
Pulp, Wood, Wet, minimum weight 40,000 lbs.....	22
Rock, Gypsum, Ground or in Lump, minimum weight 40,000 lbs..	22½
Salt, minimum weight 40,000 lbs.	22½
Salts, Epsom or Glauber	22
Sand, Building, Filling, Glass or Moulding	20
Shale (except Common or Fire Shale)	22½
Shells, Mussel, minimum weight 40,000 lbs.	20
Soda, Ash	22
Soda, Bicarbonate	22
Soda, Caustic	22
Soda, Monohydrate of	22
Soda, Sesqui, Carbonate of	22
Soda, Sal	22
Soda, Silicate of	22
Soda, Sulphate of	22
Sodium, Fluo Silicate, minimum weight 36,000 lbs.....	22
Spelter (released to valuation of \$100 per net ton).....	17½
Stone, Crushed, in bulk	20
Stone, Crushed, in barrels or sacks.....	22½
Stucco (see Mortar) .....	...
Tar (except Pine Tar), minimum weights: in wood 40,000 lbs., in tank cars as per Official Classification.....	22
Tripoli, minimum weight 60,000 lbs.	20

* This basis applies only from points in C. F. A. Territory east of the Indiana-Illinois State Line.

Table 14 shows the commodity rates for ten commodities in carloads from percentage groups 60-100 to New York rate points. The rates on these ten commodities are sufficiently representative of the commodity rates to indicate how the rates are based from points other than those in the 100 per cent group on Map 4 to the New York group. The table does not contain rates from points lying west of the 100 per cent group. The rates from

TABLE 14

COMMODITY RATES FOR 10 COMMODITIES IN CARLOADS FROM PERCENTAGE GROUPS 60-100 TO NEW YORK RATE POINTS ¹

Percentage groups	Asphaltum	Brick	Cattle	Cement	Kaolin	Lead, pig	Oil, petroleum	Paper, wrapping	Salt	Sodas
60.....	13	12½	17	12	13½	10½	16½	15	13½	13
71.....	15½	15	20	14	16	12½	19½	15	16	15½
74.....	16½	15½	20½	15	16½	13	20½	15	16½	16½
77.....	17	16	21½	15½	17½	13½	21	15½	17½	17
80.....	17½	17	22½	16	18	14	22	16	18	17½
82.....	18	17	23	16½	18½	14½	22½	16½	18½	18
84.....	18½	17½	23½	17	19	14½	23	17	19	18½
85.....	18½	18	24	17	19	15	23½	17	19	18½
86.....	19	18	24	17	19½	15	23½	17	19½	19
87.....	19	18½	24½	17½	19½	15	24	17½	19½	19
88.....	19½	18½	24½	17½	20	15½	24	17½	20	19½
89.....	19½	18½	25	18	20	15½	24½	18	20	19½
90.....	20	19	25	18	20	15½	24½	18	20	20
92.....	20	19½	26	18½	20½	16	25½	18½	20½	20
93.....	20½	19½	26	18½	21	16½	25½	18½	21	20½
96.....	21	20	27	19	21½	17	26½	19	21½	21
97.....	21½	20½	27	19½	22	17	26½	19½	22	21½
100.....	22	21	28	20	22½	17½	27½	20	22½	22

¹ The rates from points west of the 100 per cent group are not shown. The table was compiled from freight tariff I. C. C., P 414, of the P. C. C. & St. L. Ry.

these western groups, however, are computed in the same way as those from the points lying east of the 100 per cent group. The table shows that the rates decrease as the percentages shown in the left-hand column of the table decrease. For example, the rate on asphaltum is 13 cents from 60 per cent points to New York; while the rate from the 100 per cent group to New York is 22 cents. Sixty per cent of 22 cents is 13.2 cents. The fraction is disregarded and the rate from 60 per cent points to New York is 13 cents. In the same way the rates may be computed from any group for any of the ten commodities. The fractions appear in this table as they do in Table 11 and for the same reason. The rule for computing rates and evaluating fractions was stated above in connection with class rates.

The commodity rates from Canadian percentage territory to the New York group are not based closely on the Chicago-to-New York rates, except that from points lying between the Detroit and Niagara rivers, the general commodity rates are based on the Chicago-New York rates. Even from other percentage points, the commodity rates usually do not vary widely from what they would be were they computed on the percentage basis. The basis for commodity rates eastbound to other eastern basing groups than New York are explained in section 2 of this chapter.

While, as stated above, the larger number of the commodities that are shipped from percentage territory in the United States to eastern groups are based directly on the rates for the same commodities from Chicago to New York, there are numerous exceptions to this general statement. Various commodities have special bases from numerous points in percentage territory, and there are

certain special commodities that move in large amounts that have either a separate grouping or a modified percentage basis.

(2) *Special Basis on Various Commodities.*—The rates on various commodities from points specified to New York rate points are shown in Table 15. These rates are used as bases for rates to points east of the Western Termini of trunk lines, as is explained in section 2 of this chapter. It is necessary here to note that these rates are from specified points only to the New York group. These rates are not made strictly in conformity with the percentage basis shown on Map 4 and

TABLE 15

RATES ON VARIOUS COMMODITIES FROM POINTS SPECIFIED TO NEW YORK RATE POINTS USED AS BASES FOR RATES TO POINTS EAST OF THE WESTERN TERMINI OF TRUNK LINES

ITEM	COMMODITIES (CARLOADS) Minimum weight as per Official Classification, unless otherwise specified herein	From	Bases in cents per 100 pounds
1	Ammonia, Sulphate of.....	Barberton .....Ohio Chicago .....Ill. Cleveland .....Ohio Detroit .....Mich. Mahoning and Shenango valleys Wyandotte .....Mich.	15½ 22 15½ 17 14½ 17
2	Ammunition, Fixed; Car- tridges, Paper or Metallic (not High Explosives), boxed, minimum weight 40,000 lbs.	East Alton .....Ill. Falls Jct. ....Ohio Kings Mills .....Ohio	29 17½ 21½
3	Ash, Volcanic (or Silica), minimum weight 40,000 lbs.	ChicagoIll. East St. Louis.....Ill. ReynoldsvilleIll. St. LouisMo.	20 23½ 26½ 23½

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TABLE 15—CONTINUED

ITEM	COMMODITIES (CARLOADS) Minimum weight as per Official Classification, unless otherwise specified herein	From	Bases in cents per 100 pounds
4	Barium Sulphate, in barrels or sacks (originating west of Mississippi River), minimum weight 40,000 lbs.	East St. Louis.....Ill.	23
5	Barytes	Chicago .....Ill. East St. Louis.....Ill. Evansville .....Ind. Jeffersonville .....Ind. Louisville .....Ky. New Albany .....Ind. Quincy .....Ill. St. Louis.....Mo.	17 20 18½ ¹ 17½ 17½ 17½ 20 20
6	Blocks, Last	Gaylord .....Mich.	27½
7	Cable (Underground, Lead Covered), Telegraph and Telephone (valuation not to exceed \$100 per ton), minimum weight 30,000 lbs.	Chicago (only).....Ill.	27½
8	Cartridges (see Ammunition).		
9	Dishes, Butter, and Clothes Pins (Wooden).....	Chapman .....Mich. Copemish .....Mich. Frankfort .....Mich. Traverse City.....Mich.	30
10	Earth, Swamp (see Muck, Swamp).		
11	Granite (see Item No. 29).		
12	Grindstones, minimum weight 36,000 lbs.	Grindstone City.....Mich. Port Austin ².....Mich. Udly ² .....Mich.	22

¹ To apply only on shipments originating south of the Ohio River. On shipments forwarded via Cincinnati, Ohio, the terms of Information No. 1442, Series A, dated August 16, 1905, as amended or reissued (Lexington basis of rates) apply.

² Minimum weight 40,000 lbs.

ALL-RAIL RATES EASTBOUND

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TABLE 15—CONTINUED

ITEM	COMMODITIES (CARLOADS) Minimum weight as per Official Classification, un- less otherwise specified herein	From	Bases in cents per 100 pounds
13	Grindstones	Ceylon Ohio Kipton Ohio Wakeman Ohio	19
14	Lignite, minimum weight, 40,000 lbs.	East St. Louis..... Ill. St. Louis..... Mo.	25
15	Lime, Acetate of, minimum weight 40,000 lbs., unless marked capacity of car is less, in which event the weight to be charged for shall be the actual weight when the car is loaded to its full visible capac- ity, i. e., completely filled (but not heavier than 10% above marked capac- ity), but in no case will the weight charged for be less than 36,000 lbs...	Antrim Mich. Ashland ^a Wis. Bay City..... Mich. Boyne City..... Mich. Cadillac Mich. East St. Louis..... Ill. Elk Rapids Mich. Honor Mich. Jennings Mich. Manistique (proper) Mich. St. Louis Mo. Yuma Mich.	28½ 38 25 30 27½ 30½ 28½ 28½ 27½ 30 30½ 27½
16	Lime, Phosphate of, in bbls.	Chicago Heights..... Ill. Detroit Mich.	25 19½
17	Lime, Sulphate of, (refuse product of Soda Ash)...	Detroit Mich. Trenton Mich. Wyandotte Mich.	Soda Ash rates
18	Lining, Grass-carpet; Grass Matting; Grass Matting Rugs and Grass Twine; straight or mixed C. L. minimum weight 30,000 lbs.	Ashland Wis. Duluth Minn. Minnesota Transfer, Minn. Minneapolis Minn. St. Paul Minn. Stillwater Minn. Superior Wis.	45 ^a

^a To destinations except New York City, the rates will be on the basis of 8 cents per 100 lbs. in excess of the current fifth-class rates applying from Chicago, Ill., to the same eastern destination. In dividing the through rates, the roads west of Chicago, Chicago Junctions, etc., will be allowed 12.7 cents per 100 lbs., the remainder to accrue to roads east of Chicago, Chicago Junctions, etc.

^a Rates to other eastern cities will be 10 cents per 100 lbs. in excess of fourth-class rates from Chicago.

54 FREIGHT RATES—OFFICIAL TERRITORY

TABLE 15—CONTINUED

ITEM	COMMODITIES (CARLOADS) Minimum weight as per Official Classification, un- less otherwise specified herein	From	Bases in cents per 100 pounds
19	Marble (see Item No. 29)		
20	Matting, Grass (see Lining, Grass-carpet)		
21	Muck, Swamp or Earth, minimum weight 40,000 lbs.	Eaton Rapids Mich. Plymouth Ohio	19 15
22	Oxide, Zinc, Dry, in bar- rels or sacks (originat- ing west of the Missis- sippi River), minimum weight 40,000 lbs.	East St. Louis..... Ill.	23
23	Oxide, Zinc, in barrels or sacks, minimum weight 40,000 lbs.	Chicago Ill.	20
24	Pins, Clothes (see Dishes, Butter, and Clothes Pins).		
25	Rubble (see Item No. 30).		
26	Rugs, Grass (see Lining, Grass-carpet).		
27	Silica (see Ash, Volcanic).		
28	Soda, Phosphate of (Sodi- um)	East St. Louis..... Ill. St. Louis Mo.	25½
29	Stone, viz., Granite, Mar- ble or Sandstone, rough- quarried, in blocks, not sawed or dressed, valu- ation expressed by con- signor as not exceeding 20 cents per cubic foot, pieces weighing three tons or more to be loaded and unloaded at risk and expense of con- signor or consignee (originating west of the west bank of the Mis- sissippi River), minimum weight 40,000 lbs.	East St. Louis..... Ill.	23½

ALL-RAIL RATES EASTBOUND

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TABLE 15—CONTINUED

	COMMODITIES (CARLOADS) Minimum weight as per Official Classification, un- less otherwise specified herein	From	Bases in cents per 100 pounds
30	Stone; Curbing; Flagging (sawed); Paving; Rub- ble; Rough, Undressed and Sawed (not dressed, ready for building).....	Ceylon .....Ohio Clarksfield .....Ohio Kipton .....Ohio Wakeman .....Ohio	19
31	Stone, Oil, in bulk (rough quarried, originating in the state of Arkansas), minimum weight 40,000 pounds	Brookport .....Ill. Cairo .....Ill. Cincinnati .....Ohio East St. Louis.....Ill. Evansville .....Ind. Gale .....Ill. Jeffersonville .....Ind. Joppa .....Ill. Louisville .....Ky. Madison .....Ind. New Albany .....Ind. St. Louis .....Mo. Thebes .....Ill.	Sixth- class rates
32	Sulphide, Zinc, in barrels or sacks (originating west of the Mississippi River), minimum weight 40,000 lbs.	East St. Louis.....Ill.	23
33	Sumac, Ground, in bags, minimum weight 40,000 lbs.	Louisville .....Ky.	25
34	Twine, Grass (see Lining, Grass-carpet).		

explained in the preceding paragraphs. The rates on the commodities shown in Table 15 from other percentage points than those shown in the table are based on the rates from Chicago to New York shown in Table 13. Table 15 shows only the rates from certain points on the commodities named. Competition has forced these rates to be made slightly in violation of the general basis. However, it will be noted by an inspection of the table that the rates do not vary widely from what they would be if made according to the percentage system, using the rates from Chicago to New York as the basis.

(3) *Dressed Meats and Live Stock.*—The rates on dressed meats and live stock from Chicago to New York are shown in Table 16. These rates apply from all points in the 100 per cent group to all points in the New York group as shown on Map 10 and are used as bases for rates from percentage points on Map 4 to points in Trunk Line and New England territories, that is, to points east of the Western Termini of eastern trunk lines. From percentage points lower than 100 to the New York group, the rates are the percentages shown on Map 4 of the rates shown in Table 16.

The rates on live hogs from percentage groups west of the 100 per cent group to New York are also based on the rates from Chicago to New York as shown by the percentages in the groups on Map 4. However, the rates on live cattle, horses, mules, sheep, and dressed meats from percentage points west of the 100 per cent group to New York are certain arbitraries over the rates from Chicago to New York. These arbitraries are shown in Table 17. For example, the rates on cattle from percentage points west of the 100 per cent group to New

TABLE 16

RATES ON DRESSED MEATS AND LIVE STOCK FROM CHICAGO TO NEW
YORK AS BASES FOR RATES FROM PERCENTAGE POINTS ON
MAP 4 TO POINTS IN TRUNK LINE AND NEW
ENGLAND TERRITORIES

COMMODITIES IN CARLOADS ¹	Rates ²
Dressed beef, hogs, and sheep.....	45
Cattle	28
Hogs and sheep	30
Horses and mules	60

¹ Minimum carload weights as prescribed in the Official Classification, except when otherwise provided.

² From points in Indiana and Illinois taking in excess of 100 per cent of Chicago-to-New York rates, also from Henderson and Paducah, Ky., the rates will be made in accordance with the following rules:

(1) On live hogs, in carloads, the established percentage bases of Chicago-New York rates shall be applied from all points to the Western Termini of the trunk lines and points east thereof.

(2) On live horses, mules, cattle and sheep, in carloads, and on dressed meats, in carloads, rates from points taking the following percentages of Chicago-New York rates to New York, N. Y., Philadelphia, Pa., Baltimore, Md., and Boston, Mass., shall be established upon the bases of the under-mentioned arbitraries above the duly authorized rates on like traffic from Chicago, Ill., to the same points, viz:

To	FROM PERCENTAGE POINTS	ARBITRARIES ABOVE CHICAGO RATES IN CENTS PER 100 LBS.
New York, N. Y. Philadelphia, Pa. Baltimore, Md. Boston, Mass.	Over 100 to and including 108	2
	Over 108 to and including 110.	3
	Over 110 to and including 112	4
	Over 112 to and including 117	5
	Over 117 to but excluding 120	7
	Over 120 to and including 122	8
	Over 123 to and including 125	10

Points taking from 122% to 125% plus bridge arbitraries, the rates shall be established on the basis of the bridge arbitraries above the rates applicable from points taking from 122% to 125% net bases.

(3) On live horses, mules, cattle and sheep, in carloads, and on dressed meats, in carloads, destined to the Western Termini of the trunk lines and to interior points east thereof taking lower than New York, Philadelphia, Baltimore, or Boston rates, the established percentage bases of New York rates shall be applied from all points.

TABLE 17

BASIS FOR RATES ON LIVE STOCK (EXCEPT HOGS ¹) AND DRESSED MEATS FROM PERCENTAGE GROUPS 101-122 TO NEW YORK—
ARBITRARIES OVER RATES FROM CHICAGO TO NEW YORK ²

To eastern group	From percentage groups	Arbitraries in cents	To eastern group	From percentage groups	Arbitraries in cents
New York, N. Y.	101-108	2	New York, N. Y.	113-117	5
	109-110	3		118-119	7
	111-112	4		120-122	8
				122 +	(³)

¹ Live hogs take the general percentage basis from all percentage groups.

² Petition No. 1 for Relief Under the Fourth Section of the Act to Regulate Commerce, filed by the Central Freight Association with the Interstate Commerce Commission.

³ The rates are the bridge arbitraries over the rates from the 122 per cent group.

York are the 28 cents shown in Table 16 plus the arbitraries shown in Table 17 for the several groups lying west of the 100 per cent group on Map 4. The rate on dressed beef from Peoria, Ill., a 110 per cent point, is 45 cents plus 3 cents, or 48 cents. The rate on dressed beef from St. Louis is 50 cents. While these rates from percentage points lying west of the 100 per cent group are on an arbitrary basis, as shown in Table 17, the rates are not widely different from what the percentage basis would make them. For example, the rate on sheep from Chicago to New York is 30 cents; from St. Louis the rate is 35 cents, made by adding the 5-cent arbitrary for the 117 per cent group, and 117 per cent of 30 cents is 35.1 cents, approximately the same as the actual arbitrary rate.

(4) *Iron and Steel Articles.*—The rates on manufac-

tured articles of iron and steel, including pig iron, iron and steel billets, blooms, etc., from percentage points shown on Map 4 to the New York group shown on Map 10 are based on the rates from Chicago to New York as shown by the percentages of the groups on Map 4, except from the groups named below. The rates from Chicago to New York used as the base rates are as follows: pig iron, mill cinder and scale, and pyrites ore cinder, \$4.75 per gross ton; ingot moulds, \$4.75 per net ton; billets, blooms, scrap iron, old rails, old car wheels, chain iron, pipe, sheet bars, tin plate, rods, etc., \$5.00 per gross ton; and pig moulds, \$4.75 per net ton. The rates from the Pittsburgh-Wheeling group,³ the Cleveland group,⁴ the Youngstown group,⁵ the Marietta-Zanesville group,⁶ and the Dunkirk-Erie group⁷ are made on an arbitrary basis. To the New York group from the Pittsburgh-Wheeling group the rates are the same as from Buffalo, N. Y., except on articles taking fourth-, fifth-, and sixth-class rates. On articles taking fourth-class to sixth-class rates the rates are 60 per cent of those from Chicago to New York. From the Cleveland group the rates are 3 cents per 100 pounds, or 60 cents per ton, higher than from Buffalo and Pittsburgh, and from the Youngstown group

³ The Pittsburgh rates apply from the Pittsburgh group comprising more than 400 points in western Pennsylvania, and the Wheeling group some 40 stations near Wheeling in West Virginia and Ohio.

⁴ The Cleveland rates apply from some 120 points in eastern Ohio near Cleveland.

⁵ The Youngstown rates apply from some 160 stations in eastern Ohio and western Pennsylvania.

⁶ The Marietta-Zanesville rates apply from some 75 stations in eastern Ohio.

⁷ The Dunkirk-Erie rates apply from some 27 points in southwestern New York and northwestern Pennsylvania.

to the New York group the rates are 2 cents per 100 pounds, or 40 cents per ton, higher than from Buffalo and Pittsburgh. From the Marietta-Zanesville group to the New York group the rates are $3\frac{1}{2}$ cents per 100 pounds, or 70 cents per ton, higher than from Buffalo and Pittsburgh. The rates from the Dunkirk-Erie group are the Pittsburgh rates but not higher than the Youngstown rates. The rates from the western groups mentioned above to other eastern groups than New York are explained in section 2 of this chapter.

In computing rates on articles of iron and steel from percentage groups except those mentioned above, the following method will be employed: The base rate from Chicago to New York is established per gross ton, and the rate per 100 pounds is obtained by using the weight of 2,000 pounds per ton (retaining the actual fractions). With this rate ($\frac{1}{20}$ of the gross ton rate) the rates from other percentage points than the 100 per cent group are obtained by applying the usual percentages shown on Map 4. For example, assume a basing rate of \$4.55 per gross ton on billets from Chicago to New York (using 2,000 pounds as a ton) and divide the gross ton rate by 20; the rate per 100 pounds thus obtained is $22\frac{3}{4}$ cents from Chicago to New York. The rate from Toledo, Ohio, to New York is 78 per cent of the $22\frac{3}{4}$ cents from Chicago to New York, which makes the rate from Toledo $17\frac{1}{2}$ cents, or \$3.50 per gross ton.

(5) *Grain and Grain Products.*—There is a large movement of grain and grain products from Central Freight Association Territory to Trunk Line and New England territories for both domestic consumption and export. So important is the movement of this commodity that there has been developed a distinct rate structure

for grain and grain products. Map 15 shows the grouping of Central Freight Association Territory for eastbound rates on grain and grain products; and though the export rates on these commodities are different from the domestic rates, and while the rates on grain are not the same as those on grain products, the grouping shown on Map 15 is the same for grain and grain products eastbound on both domestic and export traffic.

Only the grain rates from the groups of Map 15 to New York proper are shown on the map. It would have been confusing to have shown the rates on grain and grain products for both export and domestic consumption. However, the grain rates shown in the groups on Map 15 from the groups to New York are the bases used in the construction of rates on grain and grain products from Central Freight Association Territory to eastern points for domestic consumption and export. The groups shown on the map are different from the percentage groups on Map 4 for eastbound class rates and for general commodity rates. However, the grouping is not widely different from that shown on Map 4, and the rates are not materially different from what they would be were they constructed on the regular percentage basis of the rates from Chicago to New York. For example, the domestic rate on grain from Cleveland to New York is $14\frac{1}{2}$ cents. This rate would be the same if the regular basis of 71 per cent of the rate from Chicago to New York were applied.

The rate from Chicago to New York is $20\frac{1}{2}$ cents, and 71 per cent (Map 4) of $20\frac{1}{2}$ cents is $14\frac{1}{2}$ cents. However, the rate on domestic grain from Columbus, Ohio, to New York is only $15\frac{1}{2}$ cents, while 77 per cent of the do-

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mestic grain rate from Chicago to New York is 15.78 cents, which under the rule of fractions for eastbound rates would give a rate of 16 cents. That is, the rate from Columbus is slightly lower than that in which the regular percentage basis would result. The rate from Indianapolis is 18 cents, while 93 per cent of the Chicago rate is 19 cents. The Indianapolis group includes roughly 90-93 per cent points. Even 90 per cent of the Chicago rate is 18.6 cents. The rate from Peoria, Ill., is 22 cents, while 110 per cent of the Chicago rate is $22\frac{1}{2}$ cents. The rate from Springfield, Ill., is only 22 cents, while 117 per cent of the Chicago rate is 24 cents. The rate from Quincy, Ill., is 24 cents, while 117 per cent of $20\frac{1}{2}$ cents is 24.75 cents. These examples seem to indicate that the grain rates are not widely different from what they would be were they on the regular percentage basis. The examples also indicate that the rates are usually slightly lower than they would be if they were on the regular eastbound percentage basis. It is worthy of note that the rates from group P to New York are the percentages shown for the same points on Map 4 of the rates from Group M.

Using the domestic grain rates shown in the groups on Map 15 as a basis, it is now in order to explain how these rates are based from the groups to New York. It is desirable also to give the export rates on grain, and both the domestic and the export rates on grain products. Table 18 shows the export rates on grain and grain products from groups on Map 15 to New York. The table shows the rates on these two commodities for both domestic and export traffic. The export rates on grain from each of the groups to New York are uniformly two

cents under the domestic rates from the same point of origin to New York. The rates on grain products, except flour, from each of the groups to New York are one-half cent less than the domestic rates on the same commodity, and the export rates on flour are $1\frac{1}{2}$ cents less than the domestic rates. These rates from groups M-AA

TABLE 15

RATES ON GRAIN AND GRAIN PRODUCTS FROM GROUPS M-AA
(Map 15) TO NEW YORK

To New York FROM	GRAIN		GRAIN PRODUCTS		
	Domestic	Export net	Domestic	Export except flour	Export flour
Group M	20	18	20½	20	19
Group N	19	17	19½	19	18
Group O	19	17	19½	19	18
Group P	20	18	20½	20	19
Group P ¹	(1)	(1)	(1)	(1)	(1)
Group Q	19	17	19½	19	18
Group R	18	16	18½	18	17
Group S	17	15	17½	17	16
Group T	16½	14½	17	16½	15½
Group U	15½	13½	16	15½	14½
Group U ¹	16½	14½	17	16½	15½
Group U ²	16	14	16½	16	15
Group V	15	13	15½	15	14
Group W	14½	12½	15	14½	13½
Group X	13½	11½	14	13½	12½
Group Y	17½	15½	18	17½	16½
Group Z	16½	14½	17	16½	15½
Group AA	16	14	16½	16	15

¹ Rates to New York City are based on percentages named on Map 4 of the basing rates named in this section from group M.

to New York are arbitrary rates although closely approximating the regular percentage basis.

The rates from groups A-L, which lie west of group M, are arbitraries over the reshipping rates from Chicago to

New York. The reshipping rates on grain from Chicago to New York are 16 cents for domestic traffic and 13 cents for export traffic. The reshipping rates on grain products from Chicago to New York are 16.7 cents for domestic traffic, 15 cents for grain products, except flour for export, and 14 cents for export flour. These reshipping rates from Chicago to New York plus arbitraries are the bases for rates from groups lying west of group M, that is, from groups A-L. Table 19 shows the specifics to be added to the Chicago reshipping rates to make rates from groups A-L to New York. These arbitraries are also the minima on grain consigned locally to Chicago and Peoria junctions. They are the same for export and domestic shipments. They are also the same for both grain and grain products except from group K. The arbitrary on grain from group K is 7½ cents, while on grain products it is 8 cents. The rates from groups A-L to New York are composed of the reshipping rates from Chicago to New York and the arbitraries shown in Table 19. The rates from these groups to New York are shown in Table 20. It may be noted that the export rates on grain from these groups to New York are 3 cents less than the domestic rates. The export rates on grain products, except flour, from these groups to New York are 1.7 cents and the export rates on flour are 2.7 cents less than the domestic rates. The rates on grain and grain products from percentage territory to eastern groups other than New York are set forth in section 2 of this chapter.

What has been said concerning rates on commodities may be briefly summarized as follows: The general basis for commodity rates is the same as class rates, but there are numerous miscellaneous commodities that take an arbitrary basis from numerous points in percentage

territories. There are also special commodity rates on commodities that move in large amounts, such as live stock, iron and steel articles, and grain and grain prod-

TABLE 19
RATES ADDED TO CHICAGO RESHIPPING RATES TO MAKE RATES FROM
GROUPS A-L (MAP 15) TO NEW YORK

From group	Cents	From group	Cents	From group	Cents	From group	Cents
A	8	D	6½	G ²	4½	J	6
B	7	E ¹	6	H	6½	K	7½ ³
C	6½	F	5	I	5½	L	10

¹ Group E rates are not published from East St. Louis.

² Group G rates are not published from Chicago proper.

³ On grain products the rate is 8 cents.

TABLE 20
RATES ON GRAIN AND GRAIN PRODUCTS FROM GROUPS A-L (MAP 15)
TO NEW YORK

To NEW YORK From	GRAIN		GRAIN PRODUCTS		
	Domestic	Export net	Domestic	Export Except flour	Export flour
Group A	24	21	24.7	23	22
Group B	23	20	23.7	22	21
Groups C, D, H.	22.5	19.5	23.2	21.5	20.5
Groups E ¹, J...	22	19	22.7	21	20
Group F	21	18	21.7	20	19
Group G ²	20.5	17.5	21.2	19.5	18.5
Group I	21.5	18.5	22.2	20.5	19.5
Group K	23.5	20.5	24.7	23	22
Group L	26	23	26.7	25	24

¹ Group E rates are not applied from East St. Louis.

² Group G rates are not applied from Chicago proper.

ucts. The rates on live stock are on the general percentage basis except from groups lying west of the 100 per cent group; and even from these groups the rates on live

hogs are on the regular percentage basis. The rates on iron and steel articles are on the general percentage basis except from certain groups in eastern Ohio, western New York, Pennsylvania, and West Virginia. So important is the movement of these articles from these groups that a special grouping has been developed. The movement of grain and grain products from percentage territory to eastern groups is also so large that a special grouping for the entire Central Freight Association Territory and additional percentage territory has been developed. In addition to the exceptional basis on various commodities listed in Table 15, on live stock and dressed meats, on iron and steel articles, and on grain and grain products, there are numerous exceptions on special commodities that move in smaller volume than the special commodities named. It would carry us too far afield, however, to explain the basis for rates on all of these commodities. Except as special adjustments are caused by competition, the basis on commodities is not widely different from the general commodity basis as explained above.

2. FROM PERCENTAGE GROUPS ON MAP 4 TO EASTERN
GROUPS IN TRUNK LINE AND NEW ENGLAND TER-
RITORIES SHOWN ON MAP 10

The preceding section was devoted to the explanation of the rate basis for classes and commodities from western percentage territory to eastern groups in Trunk Line and New England territories. It is now necessary to set forth the basis for rates from western percentage territory to groups other than New York shown on Map 10. The basis for class rates is first explained, and that for commodity rates is then compared with the class basis.

(a) Class Rates

(1) Table 21 shows the basis for class rates from percentage groups on Map 4 to eastern groups in Trunk Line and New England territories shown on Map 10. Item 1 of the table shows the class rate from the 100 per cent territory (Chicago) to New York. This class scale is used as a basis for class rates from western percentage territory to eastern groups in Trunk Line and New England territories. As was explained in the last section, from percentage groups on Map 4 to the New York group the class rates are percentages of the rates from Chicago to New York. The following paragraphs contain an exposition of the rate basis for class rates from percentage groups 60-122 to eastern groups other than that of New York.

(2) As shown in item 2 of Table 21, from percentage groups 60-122 to the Boston group the rates are certain arbitraries over the rates from the same groups to New York. Maps 9 and 10 show that the Boston group is not so large for eastbound rates as for westbound rates. Even the Rockland, the Stanstead, and the Boston groups combined are not so large in area as the Boston group for westbound rates. A large part of Maine is shown in a group marked "Rockland+," while the entire state of Maine takes the Boston rates westbound. The arbitraries over the Boston rates applying to this territory are sufficient to make the through rates from percentage territory (Map 4) to "Rockland+" territory^s materially higher than from percentage territory to Boston, while the Bos-

^s The "Rockland+" group should not be confused with the Rockland group.

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TABLE 21

BASIS FOR CLASS RATES FROM PERCENTAGE GROUPS ON MAP 4 TO
EASTERN GROUPS IN TRUNK LINE AND NEW ENGLAND
TERRITORIES ¹

ITEM	To EASTERN GROUPS	FROM PERCENTAGE GROUPS	RATES OR ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
1	New York, N. Y.	100	75	65	50	35	30	25	Base scale
2	Boston, Mass.	60 66½-122	5 7	4 6	3 5	3 4	2½ 3	2 2	Over New York rates
3	Rockland, Me.	60-122							Same as Boston *
4	Stanstead, Que.	60-122							Same as Boston *
5	Philadelphia, Pa.	60 66½-122	6 2	6 2	2 2	2 2	2 2	2 2	Under New York rates
6	Baltimore, Md.	60 66½-122	6 3	6 3	3 3	3 3	3 3	3 3	Under New York rates *
7	Albany, N. Y.	60 * 66½-122							85,92,100 } % of New 96 } York rates
8	Utica, N. Y.	60 * 66½-71 72-78 79-100 101-122							80,85,92 } 83 } 87 } % of New 90 } York rates 91 }
9	Syracuse, N. Y.	60 * 66½-71 72-78 79-100 101-122							75,78,84 } 74 } 76 } % of New 80 } York rates 84 }

¹ The percentage groups of Central Freight Association Territory are shown on Map 4 and the eastern groups on Map 10. The sources of information contained in this table are (1) Petitions 1 and 2 for relief from the fourth section of the Act to Regulate Commerce filed with the Interstate Commerce Commission by the agent of the Central Freight Association; and (2) eastbound guide books of the carriers of Central Freight Association Territory.

² Except that the minimum rates from any point to Rockland and points taking same rates are those applying from Cleveland, Ohio, to Boston, Mass.

³ Except that the minimum rates from any point to Stanstead are those applicable from Toledo, Ohio, to Boston, Mass.

⁴ From Butler, Franklin, Meadville, and Titusville, Pa., the arbitraries are 8 cents on the first and second classes.

⁵ From different points within the 60 per cent group the different percentages apply.

TABLE 2.—Continued

No.	To Eastern Group	From Percentage Points	Rates in Cents per 100 Pounds						Remarks
			1	2	3	4	5	6	
10	Rochester-Macon Morris, N. Y.	21-22	2	1	1	1	1	1	From New York
		23-24	2	1	1	1	1	1	From New York
		25-26	2	1	1	1	1	1	From New York
		27-28	2	1	1	1	1	1	From New York
		29-30	2	1	1	1	1	1	From New York
11	Pittsburgh- Buffalo	31-32							From New York
12	Grafton, W. Va.	33-34	2	1	1	1	1	1	From New York
13	Johnstown, Pa.	35							From New York
14	Johnstown, Pa.	36	2	1	1	1	1	1	From New York
15	Cumberland, Md.	37-38	3	2	2	2	2	2	From New York
		39-40	3	2	2	2	2	2	From New York
		41-42	3	2	2	2	2	2	From New York
		43-44	3	2	2	2	2	2	From New York
		45-46	3	2	2	2	2	2	From New York

* From Dunkirk and certain other points in New York the percentage is 60.

* Except that the rates from any point to the Rochester group may not exceed the rates from a point west of the point in question to the Rochester group; and that the rates from any point to the Rochester group may not exceed the rates to a point lying east of the Rochester group. However, lines leading from the Ohio River, Parkersburg and north thereof, may haul traffic to the Rochester group through points to the westward taking a higher rate basis, and the rates from such western points need not be reduced.

* The Central Freight Association Scale is given in chap. vii.

* But not less than 37 31 27 18 13 12 cents per 100 pounds for the six classes. These are the rates from 60 per cent points to Baltimore.

* From percentage points east of the green line drawn from Sandusky, Ohio, to the Ohio River at Pomeroy, Ohio, on Map 4.

* From percentage points on and west of the line defined in note 10.

* Except that from Pittsburgh, Pa., and Wheeling, W. Va., the rates are the same as from the 70 per cent group.

* B. & O. Circular 785.

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TABLE 21—CONTINUED

ITEM	To EASTERN GROUPS	FROM PERCENTAGE GROUPS	RATES OR ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			CLASSES						
			1	2	3	4	5	6	
16	Belington- Elkins, W. Va.	60-122	Cumberland rates but not less than 46 39 20 20 17 14						
17	Virginia Cities ¹⁶ and Strasburg groups	60-122							Same rates as to Baltimore ¹⁷

¹⁶ Central Freight Association legislation provides the following rates from points shown below.

FROM	Rates in cents per 100 lbs. Classes					
	1	2	3	4	5	6
Brocton	36	31	23	16	14	12
Butler						
Corry						
Dayton						
Dunkirk						
Erie						
Falconer Jct.....						
Franklin						
Irvington						
Jamestown						
Mayville						
Meadville						
Oil City.....						
Titusville						
Union City.....						
Warren						
Westfield						

¹⁸ Except (1) that from the 70 per cent group arbitrary rates apply as shown in the table, and (2) that the rates to the Cumberland group may not be less than to the Johnstown group from the same percentage points in any case.

¹⁹ The Virginia Cities are Burkeville, Kilby, Lynchburg, Norfolk, Petersburg, Pinnars Point, Potomac Yards, Richmond, Roanoke, and Suffolk. The stations grouped as the Strasburg group on Map 10 take the same rates as the Virginia Cities, but the Strasburg stations are not listed as Virginia Cities in the tariffs. The Virginia Cities group shown on Map 10 includes the points that take the same rates as the Virginia Cities listed in this note.

¹⁷ Except that from points taking (1) less than 77 per cent of the Chicago-to-New York rates; and (2) higher than 77 per cent of the Chicago-to-New York rates which are located on and east of the Norfolk and Western Railway, Columbus, Ohio, to Portsmouth, Ohio, and south of the P. C. C. & St. L. Ry., Columbus, Ohio, to Steubenville, Ohio, inclusive, rates are not less than the rates from Columbus, Ohio, to Baltimore, Md.

ton rates are in turn arbitraries over the New York rates. It may be recalled here for comparison that the westbound class rates from approximately all of New England are the same as from New York to percentage territory; whereas, there is a double set of arbitraries applying from percentage territory to the larger part of Maine, namely, the Boston arbitraries and the "Rockland+" arbitraries. For example, the first-class rate from St. John, Me., to Chicago is only 75 cents—the same as the rate from New York to Chicago, while the first-class rate from Chicago to St. John is 131 cents—56 cents more than the rate from Chicago to New York. The sixth-class rate from Chicago to St. John, Me., is 50 cents, while from St. John to Chicago the rate for the same class is only 25 cents, or half as much. The rates from percentage groups 60-122 to the stations on the Bangor & Aroostook Railroad in the "Rockland+" group vary from 15 to 49 cents on first-class freight and from 5 to 23 cents on sixth-class freight over the rates to Rockland, Me. The sixth-class rate of 23 cents as an arbitrary over the Rockland rate is almost as much as the rate on that class from Chicago to New York, the last-named rate being only 25 cents.*

As explained in the preceding chapter, the rates on westbound shipments from the Boston group (Map 9) to all but the most eastern percentage groups are the same as from New York. On eastbound rates, however, it has been explained that certain arbitraries over the New York rates shown in item 2 of Table 21 are applied to the Boston group. The eastbound rates from Central Freight Association Territory to northern Maine may be consid-

* Star Union Line Bases for Freight Rates Eastbound, F. E. Shallenberger's I. C. C. No. 13.

ered unreasonable in comparison with the westbound rates. The westbound rates, however, were made the same as those from New York to enable the New England factories to compete with those of the New York group and to meet water competition from the New England ports. The same necessity for granting extremely low eastbound rates does not exist. Since northern Maine lies well east of New York, is sparsely settled, and served by railways of light tonnage, the Boston rate plus the 49 cents on first-class freight is probably not unreasonable on shipments from Central Freight Association Territory to St. John, a town in extreme northern Maine. The extraordinarily low rates westbound were made to hold the industries and the freight on the New England lines. Industrial competition and water competition are the important factors in forcing the low westbound rates. The eastbound rates are perhaps reasonable, while the westbound rates are abnormally low. Commissioner Charles A. Prouty in the New England investigation ¹⁰ wrote the following paragraphs concerning freight rates in New England:

The long-distance rates which New England enjoys are generally very favorable to that locality. . . . Rates upon the products of New England to markets of consumption in other parts of the country are usually low. This is sometimes due to the voluntary act of the carriers in order to put the manufacturer of New England upon a competitive basis with the nearer producing point, of which paper is an illustration. The rate on that commodity from producing points in Maine to Chicago is 20 cents per 100 pounds for a haul of approximately 1,300 miles.

Most of the low long-distance rates from New England are, however, due to water competition. This is the case with those to the Pacific coast and to interior territory contiguous to the

¹⁰ 27 I. C. C. Rep., 575.

Pacific coast which is affected by that competition. It is also true of the great mass of rates into the southwest, and even into the central west.

(3) Item 3 of Table 21 shows that the Rockland (Me.) group¹¹ is accorded the same rates as the Boston group from percentage groups shown on Map 4, except that the minimum rates from any point to the Rockland group are those applying from Cleveland, Ohio, to Boston.

(4) Item 4 shows that Stanstead, Que., takes the same rates as Boston from percentage points shown on Map 4, except that the minimum rates from any point to Stanstead are those applicable from Toledo, Ohio, to Boston.

(5) Item 5 shows that the rates from percentage groups 60-122 to Philadelphia rate points are 2 cents for each class under the rates from the same percentage group to New York.

(6) The rates from percentage groups 60-122 to Baltimore are 3 cents on each class under the rates from the same percentage groups to New York.

(7) Item 7 shows the basis for rates from percentage territory on Map 4 to the Albany group. These rates are percentages of the rates from the same points of origin to New York. The 60 per cent points are divided into four groups for rates to the Albany group. From group one to the Albany group the rates are 85 per cent of those from the same points of origin to New York; from groups two and three, 92 per cent; and from group four the rates are the same as from the same points to New York. From percentage points 66½-122 to the Albany group the rates are 96 per cent of those from the same points to New York.

¹¹ The Rockland group should be distinguished from the "Rockland + " group.

(8) Item 8 of the table shows the percentage basis for rates from percentage territory to the Utica group. The 60 per cent points are divided into four groups. From groups one and two to Utica the rates are 80 per cent of those from the same points to New York; from group three, 85 per cent; and from group four, 92 per cent. From percentage groups 66½-71 to Utica the rates are 83 per cent of those from the same points of origin to New York; from percentage points 72-78, 87 per cent; from percentage groups 79-100, 90 per cent; and from percentage points 100-122, 91 per cent of those from the same points to New York.

(9) From percentage groups to the Syracuse group the rates are also percentages of the rates from the same points of origin to New York. The 60 per cent points are divided into four groups. From groups one and two the percentage is 75; from group three, 78; and from group four, 84. From percentage groups 66½-71 the percentage of the New York rates is 74; from percentage groups 72-78 the percentage is 76; from percentage groups 79-100 the percentage is 80; and from percentage groups 100-122, the percentage is 84.

(10) From percentage groups on Map 4 to the Rochester-Mt. Morris group the rates are percentages of those from the same points of origin to New York, but not less than the arbitraries shown in item 10 over the rates from the same points of origin to Buffalo. However, the rates to the Rochester-Mt. Morris group must not be more from any percentage point than from a point east of that point, nor may a rate be more from a certain percentage point to the Rochester group than to a point east of the Rochester group. That is, the fourth section of the Act to Regulate Commerce must not be violated via the direct

routes. There is a violation via the circuitous routes as explained in footnote 7 of item 10. Again the 60 per cent points are divided into three groups. From group one the percentage is 55; from groups two and three, 62; and from group four, 72. From percentage groups 66½-71 the percentage is 63, from percentage groups 72-78 the percentage is 68, from percentage groups 79-100 the percentage is 74, and from percentage groups 100-122 the percentage is 76.

(11) From percentage points 60-100 to the Pittsburgh and Buffalo groups the Central Freight Association Scale¹² of rates is applied. This scale is based largely on distance. From percentage groups lying west of the 100 per cent group to the Buffalo and Pittsburgh groups, the rates are from 62 to 72½ per cent of the rates from the same points of origin to New York. The rates between all percentage groups and the Buffalo and Pittsburgh groups are explained in Chapter VII.

(12) The rates from percentage groups 60-122 to the Grafton (W. Va.) group are the arbitraries shown in item 12 of the table over the rates from the same points of origin to Pittsburgh, but not less than the scale of arbitraries shown in the footnote for item 12. The rates from percentage groups to the Grafton group are governed by the minimum weights, classification, rules, regulations, and exceptions that apply on the rates to Pittsburgh.

(13) From percentage points east of the green line shown on Map 4, from Sandusky to Pomeroy, Ohio, to the Connellsville group specific rates published by the carriers are applied. These rates are not subject to general

¹² This table of distance rates is given in chap. vii.

adjustment under the agent of the Central Freight Association. Rates from percentage groups on and west of the line mentioned to the Connellsville group are the arbitraries shown in item 13 over the rates from the same points of origin to Pittsburgh.

(14) From percentage points east of the green line shown on Map 4, from Sandusky to Pomeroy, Ohio, to the Johnstown group specific rates are prescribed from the several groups into which the points east of the line are divided. From percentage points on and west of the green line on Map 4 the rates are certain arbitraries shown in item 14 over those from the same points to Pittsburgh. The same minimum weights, classification, rules, regulations, and exceptions apply to Johnstown as to Pittsburgh.

(15) From percentage points 60-70, except $66\frac{1}{2}$, to the Cumberland group arbitrary rates apply. They are shown in item 15 of the table and in the footnotes attached to that item. However, the rates from the same points of origin to the Cumberland group are in no case less than to the Johnstown group. From percentage groups $66\frac{1}{2}$ -71, except 70, to the Cumberland group the rates are 74 per cent of the rates from the same points to New York. From percentage groups 72-78 the percentage is 76, from percentage groups 79-120 the percentage is 80, and from percentage groups 121-122 the percentage is 82.

(16) From percentage groups 60-122 to the Belington-Elkins group the rates are those from the same points to Cumberland, but not less than the minimum rates shown in item 16 of the table.

(17) From percentage groups 60-122 to the Virginia Cities and the Strasburg groups the rates are the same

as to Baltimore, except that rates from points east of the line described in the footnote attached to item 17 are not less than the rates from Columbus, Ohio, to Baltimore.

(18) The Virginian Railway is in the border between Trunk Line Territory and Southern Territory. The rates from percentage territory to southern points through the Virginia Gateways and the Ohio River Crossings are made up of combinations through those crossings and gateways. That is, the rates from percentage territory are the rates to the Ohio River Crossings or the Virginia Gateways plus the rates from those crossings or gateways to destination. These combination rates are governed by the Official Classification to the crossings or gateways and by the Southern Classification beyond. The rates from percentage territory to points on the Virginian Railway are governed in some cases by the Official Classification and in others by the Southern Classification.

The rates from percentage territory to Suffolk and east, also to Roanoke, are the rates from the same percentage points to the Virginia Cities, governed by the Official Classification (Table 22, item 1). The rates from percentage territory to points on the Virginian Railway east of Roanoke and west of Suffolk are the arbitraries, shown in item 2 of the table, over the Virginia Cities rates, governed by the Southern Classification. From percentage groups lying east of a line described in the footnote of item 3 of the table, the rates are the same as from Baltimore to Salem. From points on and west of that line to Salem, the rates are the same as the rates from the same percentage points to the Virginia Cities. From percentage points east of the line mentioned above

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to stations on the Virginian Railway west of Salem, the rates are the same as from Baltimore to the same destinations. From percentage points on and west of the line mentioned above to stations west of Salem on the Virginian Railway, the rates are the same as from the same percentage points to the Virginia Cities plus the arbitrary

TABLE 22

BASIS FOR RATES FROM PERCENTAGE GROUPS ON MAP 4 TO STATIONS ON THE VIRGINIAN RAILWAY

ITEM	TO STATIONS	FROM PERCENT- AGE GROUPS	ARBITRARIES IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
1	Suffolk and east, also Roanoke	60-122							Virginia Cities rates
2	Roanoke to Suffolk, exclusive	60-122	20	16	13	11	9	8	Over Virginia Cities rates ¹
			(Classes)						
			A	B	C	D	E	H	F
			7	8	7	7	9	11	14
3	Salem	(²)							Baltimore-to-Salem rates
		(³)							Virginia Cities rates
4	Stations west of Salem	(²)							Baltimore-to-destina- tion rates
		(³)	12	10	8	7	6	5	Virginia Cities rates plus arbitraries on left ⁴

¹ Governed by the Southern Classification.

² From points east of a line described below.

³ From points in Central Freight Association Territory located on and west of a line drawn from Cleveland, Ohio, via the B. & O. R. R. through Akron, Massillon, and Canal Dover, thence via the Pennsylvania Lines from Canal Dover through New Comerstown, Cambridge, Pleasant City, Caldwell, and Marietta, thence via the B. & O. R. R. from Marietta to Belpre, Ohio, inclusive, (except points on the C. & O. and N. and W. Rys.), to Salem, Va., the rates will be those current from the same Central Freight Association points of origin to Virginia Cities, via the N. and W. Ry.

⁴ Governed by the Official Classification.

traries shown in item 4, governed by the Official Classification. However, wherever the rates from percentage points west of the line referred to above to Deep Water plus the local rates from Deep Water to the stations on the Virginian Railway lying west of Salem, make lower rates than from the regular basis, the lower rates apply.

It should be noted that we here have combination rates made of the Virginia Cities rates and arbitraries. Since the Virginian Railway lies between two rate adjustment territories, this is a natural consequence. It is extremely interesting to the rate student to note the blending of the two systems. Where rates from percentage territory to points on the Virginian Railway are made of the Virginia Cities rates plus arbitraries, the resulting through rates are usually less than the combination rates breaking on the Virginia Gateways. It is but natural and just to accord these stations, lying between Trunk Line Territory and Southern Territory, rates neither so high as the combination rates to southern points nor so low as the Virginia Cities rates.

The class rates from percentage groups on Map 4 to eastern groups in Trunk Line and New England territories have now been presented. The basis for class rates from percentage points to eastern groups in Canada are set forth in the following section of this chapter. It is first necessary, however, to explain the basis for commodity rates from percentage groups on Map 4 to eastern groups in Trunk Line and New England territories on Map 10.

(b) Commodity Rates

The commodity rates from percentage territory on Map 4 to eastern groups on Map 10 are rather well ad-

justed, but the adjustment is not entirely general. In addition to the general commodity basis there are special bases for grain, live stock and dressed meats, iron and steel articles, and various other commodities even on domestic shipments. On some commodities there is also a different basis for exports from that for domestic shipments. In general, commodity rates from percentage territory to eastern groups are based on the rates from Chicago to New York. It has been explained that rates from other percentage groups than the 100 per cent group to the New York group are percentages of the rates from Chicago to New York. It is now necessary to explain how rates are based from percentage territory to groups other than the New York group.

(1) *General Commodity Rates.*—Table 23 shows the basis for general commodity rates on domestic shipment from percentage territory to eastern groups in Trunk Line and New England territories. The basis for rates on special commodities will be set forth in later tables. While the general commodity rates from percentage territory to eastern groups are based on the rates from Chicago to New York, rates are not usually published where there is no movement of freight. There are many commodities moving from Chicago to New York that do not move to other groups. For this reason, frequently there are rates from Chicago to New York on a commodity on which there are no rates from Chicago to certain other eastern groups. It is only where there are general authorizations for rates from Chicago to other groups, on the basis of the rates from Chicago to New York, that such basis applies. The following explanation of the basis for general commodity rates from percentage ter-

ritory to eastern groups must be understood as qualified by this general limitation.

The commodity rates from percentage territory to the Boston group are arbitraries over the rates from the same points to New York. When a commodity rate from any point to New York is the same as the class rate, the arbitrary to be added to the New York rate is the class arbitrary for that class.

TABLE 23

GENERAL BASIS FOR COMMODITY RATES ON DOMESTIC SHIPMENTS
FROM PERCENTAGE TERRITORY (MAP 4) TO EASTERN GROUPS
IN TRUNK LINE AND NEW ENGLAND TERRITORIES (MAP 10) ¹

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE POINTS	GENERAL BASES FOR COMMODITIES
1	Boston, Mass.	60-122	(1) When a commodity rate to New York is the same as a class rate, the same arbitrary over the New York rate applies as on the class rate (Table 21, item 2) (2) When a commodity rate to New York is not the same as a class rate, the same arbitrary over the New York rate applies as on the next higher class rate (Table 21, item 2)
2	Rockland, Me.	60-122	Same as to Boston but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	60-122	Same as to Boston but not less than from Toledo, Ohio, to Boston
4	Philadelphia	60-122	Two cents under New York rates
5	Baltimore	60-122	Three cents under New York rates

¹ Petition No. 1 for Relief from the Fourth Section of the Act to Regulate Commerce, filed by the agent of the Central Freight Association with the Interstate Commerce Commission, 1910; Pennsylvania Lines, Circular No. 10.

TABLE 23—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE POINTS	GENERAL BASES FOR COMMODITY RATES
6	Albany, N. Y.	60-122	(1) When a commodity rate authorized to one eastern point is also authorized as a basis to other eastern points, the same percentage of the commodity rate to New York applies as in the case of class rates (Table 21, item 7) (2) When a commodity rate has no general authorization, the rates are arbitrarily made, except that the fourth section of the Act is not violated via the direct routes
7	Utica, N. Y.	60-122	Same basis as to Albany, except percentages in item 8 of Table 21 apply
8	Syracuse, N. Y.	60-122	Same basis as to Albany, except percentages in item 9 of Table 21 apply ²
9	Rochester-Mt. Morris, N. Y.	60-122	Same basis as to Albany, except percentages, notes, and arbitraries of item 10, Table 21, apply ²

² (1) When eastbound rates on any commodity are on a basis of less than 20 cents per 100 pounds from Chicago to New York, the minimum rates from percentage groups 66½-122 to the Rochester and Syracuse groups are those applicable from the same points to Baltimore, Md.; and the maximum rates are those applicable on the same commodities under the class rates.

(2) When eastbound rates on any commodity are on a basis of 20 cents or higher per 100 pounds from Chicago to New York, the rates are scaled on the authorized percentages shown on Map 4, but the minimum rates from percentage groups 66½-122 to the Rochester and Syracuse groups are the Baltimore rates from the same points on the basis of 19½ cents per 100 pounds from Chicago to New York, or 16½ cents from Chicago to Baltimore; and the maximum rates are those applicable on the same commodities under the class rates.

For example, when the rate from Chicago to New York is 20 cents per 100 pounds, the rate from Chicago to Rochester is 16½ cents, and from 110 per cent points to Rochester, 18½ cents, which are the rates to Baltimore, Md., from the same points on a basis of 19½ cents per 100 pounds from Chicago to New York.

The minimum rates specified in sections (1) and (2) do not apply to points that take Pittsburgh rates plus arbitraries, from 60 per cent points to Rochester and Syracuse groups, nor on articles taking brick rates.

TABLE 23—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE POINTS	GENERAL BASES FOR COMMODITY RATES
10	Pittsburgh-Buffalo	60-122	The basis is given in Chapter VII
11	Grafton, W. Va	60-122	(1) On commodities taking less than sixth-class rate, 2 cents per 100 pounds over Pittsburgh (2) On commodities taking not less than sixth-class rate, the Pittsburgh commodity rate plus the class arbitrary of class rate that is nearest the commodity rate in amount (Table 21, item 12) ^a
12	Connellsville, Pa.	(4)	Specific rates from the 19 groups of this territory
		(5)	Arbitraries over Pittsburgh commodity rates. When no specific commodity arbitraries are authorized, the class arbitraries on the class rate that is nearest the amount of the commodity rate applies, except when the Pittsburgh commodity rate is exactly medial between two class rates, in which case the arbitrary on next higher class applies (Table 21, item 13, for class arbitraries). Baltimore rates are the maxima ^c

^a When a special rating is authorized by transferring an article from one class to another, the arbitrary of the class to which the article is transferred applies. This exception applies only when the through rates are not less than 12 cents. From percentage points 60G the minimum rates are:

Class	1	2	3	4	5	6
Cents	37	31	24½	17½	15	12

The maximum rates to the Grafton group are the current rates from the same points to Baltimore, except that the Baltimore rates do not apply as maxima unless they are equal to or higher than the rates from Pittsburgh to Baltimore.

^b From percentage points east of the line on Map 4 from Sandusky to Pomeroy, Ohio.

^c From points on and west of the line described above.

^d Except on traffic originating south of the Ohio River and east of the Mississippi south of Cairo, Ill.

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TABLE 23—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE POINTS	GENERAL BASES FOR COMMODITY RATES
		(4)	Specific rates from various groups
13	Johnstown, Pa.	(5)	Same basis as to Connellsville, except the class arbitraries in item 14 of Table 21 apply
14	Cumberland, Md.	60	Specific rates not higher than from 66½ per cent points and not lower than to Johnstown
		66½-122	Same basis as for class rates (Table 21, item 15)
15	Belington-Elkins, W. Va.	60-122	Same rates as to Cumberland, Md. †
16	Virginia Cities	(8)	Baltimore rates but not less than from Columbus, Ohio, (77 per cent group) to Baltimore
		(9)	Baltimore rates

† Minimum rate on general commodities from Columbus, Ohio, to the Belington-Elkins group is 10½ cents. Oil, C. L., is subject to a minimum of 15½ cents from all percentage points to the Belington-Elkins group.

* From percentage points specified in footnote 16 of Table 21.

* From percentage points other than those specified in footnote 16, Table 21.

The class arbitraries are shown in Table 21, item 2. When a commodity rate to New York is not the same as a class rate, the same arbitrary over the New York commodity rate applies as on the next higher class.

From percentage territory to the Rockland group the rates are the same as from the same points to Boston, except that the rates to Rockland may not be less than from Cleveland, Ohio, to Boston.

From percentage territory to the Stanstead group the rates are the same as to Boston, but not less than from Toledo, Ohio, to Boston.

From percentage territory to the Philadelphia group the rates are 2 cents under the New York rates from the same points.

From percentage territory to the Baltimore group the rates are 3 cents less than from the same points to New York.

When a commodity rate to New York is authorized as a basis for rates to other eastern points, the same percentages of the commodity rate to New York applies to the Albany group as in the case of class rates.¹⁵ When a commodity rate has no general authorization, the rates are arbitrarily made, except that the fourth section of the Act to Regulate Commerce is not violated via the direct routes.

From percentage territory to the Utica group the rates are on the same basis as to Albany, but the percentages that apply are those in item 8 of Table 21.

From percentage territory to the Syracuse group the commodity rates are on the same basis as to Albany, except that the percentages in item 9 of Table 21 apply and except as provided in footnote 2 of Table 23.

The rates from percentage territory to the Rochester-Mt. Morris group are on the same basis as to Albany, except that percentages shown in item 10 of Table 21 apply and that the limitations set forth in footnote 2 of Table 23 apply to the Rochester-Mt. Morris group as well as to the Syracuse group. Also the statement concerning the violation of the long-and-short-haul clause of the Act set forth in footnote 7 of Table 21 applies on commodities as well as on classes.

The rates from percentage territory to the Pittsburgh and Buffalo groups are set forth in Chapter VII.

¹⁵Table 21, item 7.

From percentage territory to the Grafton group the commodity rates are arbitraries over the rates to Pittsburgh. However, the maximum rates from percentage points to the Grafton group are the current rates from the same points to Baltimore, except that the Baltimore rates do not apply as maxima to Grafton unless they are equal to or higher than the rates from Pittsburgh to Baltimore. On commodities taking less than the sixth-class rate, the rates are 2 cents per 100 pounds higher than the commodity rates to Pittsburgh. On commodities taking not less than the sixth-class rate, the Pittsburgh commodity rate plus the class arbitraries of the class rate that is nearest the commodity rate in amount applies to Grafton. The class arbitraries are shown in item 12 of Table 21. Footnote 3 of Table 23 also contains limitations to the general basis for rates to Grafton.

From percentage points east of the green line on Map 4 (from Sandusky to Pomeroy, Ohio) to the Connellsville group specific commodity rates apply from the 19 groups of this territory. That is, the general percentage basis is not applied from points east of that line to the Connellsville group. From percentage points on and west of the line mentioned the commodity rates are arbitraries over the rates from the same points to Pittsburgh. When no specific commodity arbitraries are authorized, the class arbitraries on the class rate that is nearest the amount of the commodity rate applies, except when the Pittsburgh commodity rate is exactly medial between two class rates, in which case the arbitrary on the next higher class applies. Item 13 of Table 21 shows the class arbitraries. The rates from percentage territory to Connellsville may not be more than from the same points to Baltimore.

From percentage points east of the Sandusky-Pomeroy line ¹⁴ to the Johnstown group specific rates are published from the various groups into which this percentage territory is divided. From points on and west of the Sandusky-Pomeroy line the basis for commodity rates is the same as to Connellsville, except that the class arbitraries in item 14 of Table 21 apply.

From 60 per cent points to the Cumberland group specific rates are applied, which are neither higher than from 66½ per cent points nor lower than from the same points to Johnstown. From percentage points 66½-100 to the Cumberland group the commodity rates are based on the rates from Chicago to New York according to the percentages that apply on class rates, as shown in item 15 of Table 21. These percentages of the rates from the same points to New York are from 74 to 82 per cent.

From percentage points specified in footnote 16 of Table 21 to the Virginia Cities the commodity rates are the same as from the same points to Baltimore, but not less than from Columbus, Ohio, (77 per cent group), to Baltimore. From other percentage points to the Virginia Cities the minimum rates are those to Baltimore from the same points.

In addition to the general commodity basis eastbound, there are special adjustments on certain commodities. The basis for rates on live stock and dressed meats, iron and steel articles, and grain and grain products is especially worthy of notice.

(2) *Live Stock and Dressed Meats.*—Table 24 shows the basis for rates on live stock and dressed meats from percentage territory to eastern groups other than the

¹⁴ Shown on Map 4.

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TABLE 24
BASIS FOR RATES ON LIVE STOCK AND DRESSED MEATS FROM PER-
CENTAGE TERRITORY (MAP 4) TO EASTERN GROUPS (MAP 10) ¹

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE GROUPS	BASES FOR RATES IN CARLOADS
1	Boston, Mass.	60-122	Same as to New York from same points (Tables 16 and 17)
2	Rockland, Me.	60-122	Same as to Boston, but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	60-122	Same as to Boston, but not less than from Toledo, Ohio, to Boston
4	Philadel- phia, Pa.	60-122	Two cents less than from same points to New York
5	Baltimore, Md.	60-122	Three cents less than from same points to New York
6	Albany, N. Y.	60-122	Percentages of New York rates as shown in item 7, Table 21, for class rates
7	Utica, N. Y.	60-122	Percentages of New York rates as shown in item 8, Table 21, for class rates
8	Syracuse, N. Y.	60-122	Percentages of New York rates as shown in item 9, Table 21
9	Rochester-Mt. Morris, N. Y.	60-78	Not less than percentages for class rates (Table 21, item 10 and footnote 7 thereof), but otherwise, cents over Buffalo rates: cattle, calves, hogs, and sheep, 1; meats, 2; and horses, 3
		79-122	Same basis as for class rates (Table 21, item 10 and footnote 7 thereof)
10	Pittsburgh-Buffalo	60-122	Basis given in Chapter VII of this treatise
11	Grafton, W. Va.	60-122	Cents over Pittsburgh rates: cattle and hogs, 2; dressed meats, calves, and sheep, 3; and horses, 4

¹ Petition No. 1 for Relief from the Fourth Section of the Act to Regulate Commerce filed with the I. C. C. by the agent of the Central Freight Association, 1910.

TABLE 24—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PERCENTAGE GROUPS	BASES FOR RATES IN CARLOADS
12	Connells-ville, Pa.	60-122	Same arbitraries over Pittsburgh as to Grafton. Maxima, Baltimore rates but not less than from Pittsburgh to Baltimore
13	Johnstown Pa.	60-122	Cents over Pittsburgh rates: cattle, 4; hogs, 5; dressed meats, calves, and sheep, 6; and horses, 8
14	Cumberland, Md.	60-122	Same percentages of rates to New York as apply on class rates (Table 21, item 15)
15	Belington-Elkins, W. Va.	60-122	Cumberland rates but not less than 10½ cents per 100 pounds
16	Virginia Cities	60-76	Horses, 76 per cent of rates Chicago to New York; other animals and meats, 3 cents less
		77-87	Horses, 87 per cent of rates Chicago to New York; other animals and meats, 3 cents less
		88-122	Regular percentage basis to Baltimore, except horses, take same rate as to New York (Table 17 and Table 24, item 5)

New York group. The basis to New York is given in Tables 16 and 17.¹⁵ It is now deemed necessary to explain the basis for each item of Table 24. It is sufficient to call attention to the agreement with the general basis and the few exceptions to that basis. The rates from percentage territory to Boston, Rockland, and Stanstead

¹⁵ Page 57 of this treatise.

are on a different basis from that of general commodities. On general commodities these groups take arbitraries over the New York rates, while on live stock and dressed meats the same rates apply as to New York with certain minor exceptions. The rates to Philadelphia, Baltimore, Albany, Utica, Syracuse, Rochester, Grafton, Connellsville, Johnstown, Cumberland, and Belington are on very much the same basis as general commodities. The basis for rates on live stock and dressed meats to the Virginia Cities is peculiar in that the regular basis does not apply from percentage points 60-87 and in that horses and mules take the same rates from percentage territory to the Virginia Cities as to New York, while the general basis for rates to the Virginia Cities is the same as that to Baltimore.

(3) *Iron and Steel Articles.*—The basis for rates on iron and steel articles from percentage territory to the New York group has been set forth.¹⁶ It has also been explained that the basis for rates on iron and steel articles is the same as that for the general commodity rates, except from certain groups in the eastern part of percentage territory.¹⁷ Table 23 shows the general commodity basis for rates on iron and steel articles from percentage territory to eastern groups, except from the groups in the eastern part of percentage territory.¹⁸ From these groups to eastern groups other than the New York group, Table 25 shows the basis. The table shows the basis to certain eastern groups only. To eastern

¹⁶ Pages 58-60 of this treatise.

¹⁷ Page 58 of this treatise.

¹⁸ These groups are defined in footnotes on page 58.

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TABLE 25

BASE FOR RATES IS CARLOADS IN IRON AND STEEL ARTICLES FROM
PITTSBURGH, CLEVELAND, YOUNGSTOWN, ETC., TO
EASTERN GROUPS

TO	FROM PITTSBURGH-WEEDING GROUP	CLEVELAND GROUP				YOUNGSTOWN GROUP			
	Iron and steel articles classified 4th, 5th, or 6th class ¹	In cents per 100 lbs.		In cents per ton.		In cents per 100 lbs.		In cents per ton.	
	Billets, pig iron, etc.	4th class	5th class	6th class	Billets, pig iron, etc.	4th class	5th class	6th class	Billets, pig iron, etc.
Albany N. Y.	100% of rates Pittsburgh to New York	2	2	2	30 Pittsburgh	1	1	1	20 Pittsburgh
Baltimore, Md.	1½ cents per 100 lbs., or 30 cents per ton, net or gross, less than to New York.	3	3	3	60 Pittsburgh	2	2	2	40 Pittsburgh
Binghamton, N. Y.	84% of rates Pittsburgh to New York.	Same as from Pittsburgh			Pittsburgh	Same as from Pittsburgh			Pittsburgh
Boston, Mass. Burlington, Vt.	On 4th class, 3 cents, on 5th class, 2½ cents, per 100 lbs., and on 6th class and lower commodity rates, 2 cents per 100 lbs., or 40 cents per ton, net or gross, above New York	3	3	3	60 Pittsburgh	2	2	2	40 Pittsburgh
Corning, N. Y. Elmira, N. Y. Geneva, N. Y.	84% of rates Pittsburgh to New York	Same as from Pittsburgh			Pittsburgh	Same as from Pittsburgh			Pittsburgh
Hornellsville, N. Y.	72% of rates Pittsburgh to New York	Same as from Pittsburgh			Pittsburgh	1½	1½	1½	10 less than Pittsburgh
Ithaca, N. Y.	84% of rates Pittsburgh to New York	Same as from Pittsburgh			Pittsburgh	Same as from Pittsburgh			Pittsburgh

¹ Footnotes on p. 58 roughly describe these groups.

² Will apply only upon such iron and steel articles as are named in the Official Classification, under caption of "Iron and Steel and Articles Manufactured of Same" classified at both L. C. L., fourth class, and C. L., fifth class or sixth class.

TABLE 25—CONTINUED

FROM TO	PITTSBURGH-WHEELING GROUP	CLEVELAND GROUP		YOUNGSTOWN GROUP	
	Iron and steel articles classified 4th, 5th, or 6th class ²	In cents per 100 lbs.	In cents per ton	In cents per 100 lbs.	In cents per ton
	Billets, pig iron, etc.	Iron and steel articles classified ²	Billets, pig iron, etc.	Iron and steel articles classified ²	Billets, pig iron, etc.
		4th 5th 6th class class class		4th 5th 6th class class class	
Lexington, Va Lynchburg, Va.	On iron and steel articles (Columbus, Ohio, to Baltimore, Md., rates) On billets, pig iron, etc., 20 cents per ton, net or gross, above new York	Same as from Pittsburgh	20 higher than Pittsburgh	Same as from Pittsburgh	20 higher than Pittsburgh
Mt. Morris, N. Y.	72% of rates Pittsburgh to New York	Same as from burgh	Pitts-	$\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ less than Pitts	10 burgh
Newport News, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.	ngton,	Same as to Lexington, Va.	ngton,
New York, N. Y.	On iron and steel articles, taking 4th, 5th, and 6th class, as per Official Classification, except as per special list. 60% of Chicago-to-New York City rates On billets, pig iron, and articles taking same rates On iron and steel articles, as per special list Same as from Buffalo	3 3 8 higher than burgh	60 Pitts-	2 2 2 higher than burgh	40 Pitts-
Norfolk, Va. Old Point Comfort, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.	ngton,	Same as to Lexington, Va.	ngton,
Oswego, N. Y.	84% of rates Pittsburgh to New York	Same as from burgh	Pitts-	Same as from burgh	Pitts-
Philadelphia, Pa.	1 cent per 100 lbs., or 20 cents per ton, net or gross, less than to New York	8 8 8 higher than burgh	60 Pitts-	2 2 2 higher than burgh	40 Pitts-

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TABLE 25—CONTINUED

TO	FROM	PITTSBURGH-WHEELING GROUP			CLEVELAND GROUP		YONKSTOWN GROUP		
		Iron and steel articles classified 4th, 5th, or 6th class ^a			In cents per 100 lbs.	In cents per ton	In cents per 100 lbs.		
		Billets, pig iron, etc.			Iron and steel articles classified ^a	Billets, pig iron, etc.	Iron and steel articles classified ^a		
					4th 5th 6th class class class		4th 5th 6th class class class		
Portsmouth, Va.		Same as to Lexington, Va.			Same as to Lexington, Va.	ington,	Same as to Lexington, Va.		ington,
Punxsutawney, Pa.		Same as to Buffalo, N. Y.			Same as to Rochester, N. Y.		Same as to Rochester, N. Y.		hester,
Richmond, Va.		Same as to Lexington, Va.			Same as to Lexington, Va.	ington,	Same as to Lexington, Va.		ington,
Richfield Springs, N. Y.		100% of rates Pittsburgh to New York			2 2 2 higher than burgh	40 Pitts-	1 1 1 higher than burgh		20 Pitts-
Rochester, N. Y.		72% of rates Pittsburgh to New York			Same as from burgh	Pitts-	½ ½ ½ less than Pitts		10 burgh
Rockland, Me.		Same as from Cleveland to Boston			Same as to Boston		Same as from land to Boston		Cleveland
Standstead, Que.		Same as from Toledo to Boston			Same as from Toledo to Boston	ton	Same as from to Boston,		Toledo
Syracuse, N. Y.		8% of rates Pittsburgh to New York			Same as from burgh	Pitts-	Same as from burgh		Pitts-
Utica, N. Y.		92% of rates Pittsburgh to New York			Same as from burgh	Pitts-	0 0 ½ less than Pitts		10 burgh
Waverly, N. Y.		84% of rates Pittsburgh to New York			Same as from burgh	Pitts-	Same as from burgh		Pitts-
Wayland, N. Y.		72% of rates Pittsburgh to New York			Same as from burgh	Pitts-	½ ½ ½ less than Pitts		10 burgh

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TABLE 25—CONTINUED

FROM TO	MARIETTA AND ZANESVILLE GROUPS ^a			
	In cents per 100 lbs.			In cents per ton Billets, pig iron, etc.
	Iron and steel articles classified ^a			
	4th class	5th class	6th class	
Albany, N. Y.	3 higher than Pittsburgh	3	3	60
Baltimore, Md. Boston, Mass. New York, N. Y. Philadelphia, Pa.	3½ higher than Pittsburgh	3½	3½	70
Rochester, N. Y.	3 higher than Pittsburgh	3	3	40
Syracuse, N. Y. Utica, N. Y.	1 higher than Pittsburgh	1	1	20
Virginia Cities	Columbus, Ohio, to Baltimore rates			20 higher than Pittsburgh

TO \ FROM	DUNKIRK-ERIE GROUP
All eastern groups	Pittsburgh rates apply, but Youngstown rates are the maxima.

^a From the Marietta and Zanesville groups, the rates subject to the basis of 74 per cent of rates current from Chicago to New York apply as maxima.

groups not shown in Table 24 the general percentage basis applies even from the special groups in percentage territory. However, the arbitraries over the Pittsburgh rates from percentage territory to the Grafton, the Connelville, and the Johnstown groups on iron and steel articles are not on the general arbitrary basis but are uniformly as follows: Fourth and fifth classes, L. C. L., 2 cents per 100 pounds; fifth and sixth classes, C. L., 1½ cents.

The base rate from groups in the eastern part of percentage territory to eastern groups is the rate from Pittsburgh to New York. The rates from the special groups are 60 per cent of those from Chicago to New York, except on billets, pig iron and articles taking the same rates, and articles in the special list of iron and steel articles. On the excepted articles the rates from Pittsburgh are the same as from Buffalo. From the Pittsburgh-Wheeling group, the rates from eastern groups are usually a certain percentage of the rates from Pittsburgh to New York. However, there are a number of exceptions to this general statement. From Cleveland, Youngstown, Marietta, and Zanesville, the rates are usually arbitraries over those from Pittsburgh. The details of the basis are set forth in Table 25. In most items of the table, the rates to the eastern groups in question are either percentages of the rates from Pittsburgh to New York or arbitraries over the Pittsburgh rates.

(4) *Grain and Grain Products.*—The basis for rates on grain and grain products from groups on Map 15 to eastern groups other than the New York group is set forth in Table 26. The basis for rates on grain and grain products to the New York group was set forth in Tables 18 and 20, and explanation of the basis was made in connection with these tables. The rates to eastern groups other than the New York group are based on the New York rates by the use of arbitraries under or over New York or by the use of percentages of the New York rates.

The rates to Boston are the same as the rates from same points of origin to New York on exports cents higher on domestic shipments. It should be called that the rates on grain and grain products are

the same. Hence, the rates on grain to Boston are not the same as those on grain products. But, in either case, the domestic rates to Boston are 2 cents over the New York rates on the same articles. The export grain rates through Boston are the same as those through New York, and the export rates on grain products through Boston are the same as those through New York. The object in making the rates on exports the same through Boston and New York is to keep the two ports on the same basis as ports. The rates to Rockland and Stanstead and points taking the same rates are the same as the Boston

TABLE 26
BASIS FOR RATES ON GRAIN AND GRAIN PRODUCTS FROM GROUPS ON
MAP 15 TO EASTERN GROUPS

ITEM	TO EASTERN GROUPS	FROM GROUPS ON MAP 15	BASES FOR RATES IN CARLOADS ¹
1	Boston, Mass.	A-AA	Domestic, 2 cents over New York Export, same as New York
2	Rockland, Me.	A-AA	Boston rates but not less than from Cleveland, Ohio, to Boston
3	Stanstead, Que.	A-AA	Boston rates but not less than from Toledo, Ohio, to Boston
4	Philadelphia, Pa.	A-AA	Cents under New York rates: domestic grain and grain products, also export grain products except flour, 2; export grain and flour, 1 ²
5	Baltimore, Md.	A-AA	Cents under New York rates: domestic grain and grain products, also export grain products except flour, 3; export grain, 1½; flour, 2 ²

¹ The rates from groups on Map 15 to New York are shown in Tables 18 and 20, and the basis for these rates is explained on pages 64-70. The sixth-class rate from groups on Map 15 to eastern points is the maximum.

² Except that from Buffalo, N. Y., Erie, Pa., and West Fairport, Ohio, to Baltimore and Philadelphia on ex-lake grain from differential territory for export should not exceed two-tenths of 1 cent per bushel on barley and oats, and three-tenths of 1 cent per bushel on wheat, corn, and rye.

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TABLE 26—CONTINUED

ITEM	TO EASTERN GROUPS	FROM GROUPS ON MAP 15	BASES FOR RATES IN CARLOADS :
6	Albany, N. Y.	A-L M-AA	$\frac{1}{2}$ cent under New York 96% of New York rates
7	Utica, N. Y.	A-L P ₁ , AA M-P, Q-T U ₁ -U ₂ , Y-Z U, V-W X	Cents under New York rates: grain, 1 $\frac{1}{2}$; grain products, 2 91 } 90 } % of New York rates 87 } 83 }
8	Syracuse, N. Y.	A-L P ₁ M-P, Q-T U ₁ -U ₂ , Y-AA U, V-W X	3 cents under New York rates 94 } 80 } % of New York rates ³ 76 } 74 }
9	Rochester, N. Y.	A-L P ₁ M-P, Q-T U ₁ -U ₂ , Y-AA U, V-W X	3 cents under New York rates 76 } 74 } % of New York rates ³ 68 } 63 }
10	Grafton, W. Va.	A-AA	2 cents over Pittsburgh rates
11	Connellsville, Pa.	A-AA	2 cents over Pittsburgh rates ⁴
12	Johnstown, Pa.	A-AA	3 cents over Pittsburgh rates ⁴
13	Cumberland, Md.	A-AA	$\frac{1}{2}$ cent under Baltimore rates but not less than rates to Johnstown
14	Belington-Elkins, W. Va.	A-AA	Cumberland rates but not less than from group U (Map 15) to Cumberland
15	Virginia Cities	Points in footnote 16, Table 21 Other points	Baltimore rates but not less than from group U (Map 15) to Baltimore Baltimore rates

³ Baltimore rates are the minima to Rochester and Syracuse.

⁴ Not less than Pittsburgh-Baltimore rates nor more than Baltimore rates than are higher than Pittsburgh-Baltimore rates.

rates, except that to these points the rates are not less than those from Cleveland and Toledo to Boston.

The export rates on grain and flour to Philadelphia are 1 cent under the rates from the same points to New York. On domestic grain and grain products, also on export grain products, except flour, the regular Philadelphia commodity differential of 2 cents under the New York rates applies. From percentage territory to Baltimore the export rates on grain are $1\frac{1}{2}$ cents and on flour 2 cents under the New York rates from the same points. The rates on domestic grain and grain products, also on export grain products, except flour, are the usual Baltimore differential of 3 cents under the New York rates.

From groups A-L of Map 15 to the Albany group the rates are one-half cent under the New York rates on both grain and grain products. From groups M-AA to the Albany group the rates are 96 per cent of the rates from the same points to New York.

From groups A-L to the Utica group the rates on grain are $1\frac{1}{2}$ cents and on grain products 2 cents under the New York rates. From groups P and AA to the Utica group the rates are 91 per cent of the New York rates. From the other groups the rates are 90, 87, and 83 per cent of the New York rates as shown in item 7 of Table 26.

From groups A-L to the Syracuse group the rates are 3 cents under the New York rates on both grain and grain products. From other groups on Map 15 to the Syracuse group the rates are percentages of the New York rates as shown in item 8 of the table.

From groups A-L to the Rochester group the rates are 3 cents under the New York rates. From other groups

shown on Map 15 to the Rochester group the rates are percentages shown in item 9 of the table of the New York rates.

The rates to Grafton, Connellsville, and Johnstown are arbitraries over the Pittsburgh rates subject to exceptions shown in the footnotes of Table 26. The Cumberland rates are one-half cent under the Baltimore rates, but not less than the rates to Johnstown. To the Belington-Elkins group the rates are the same as from the same points to the Cumberland group, but not less than from group U (Map 15) to the Cumberland group. The rates to the Virginia Cities from points east of a line described in footnote 16 of Table 21 are the same as the rates from the same points to Baltimore, except that they are not less than from group U (Map 15) to Baltimore. From other points in percentage territory to the Virginia Cities the rates are the same as to Baltimore.

The rates on grain and grain products for both export and domestic shipment from groups on Map 15 to eastern groups in Trunk Line and New England territories on Map 10 have now been set forth. However, there is a very large movement of grain and grain products from the west and the northwest through the territory shown on Map 15 destined to eastern groups. Because of this important movement reshipping rates have been published from Chicago, Peoria, and East St. Louis. The reshipping rates from Chicago are the same as those used in making up the rates in Table 20. It may be recalled that the Chicago reshipping rates here shown plus the specific rates shown in Table 19 make up the rates shown in Table 20, which apply from groups A-L on Map 15 to New York. The reshipping rates from East St. Louis (Table 27) are uniformly 3 cents over the reshipping

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rates from Chicago to New York. The reshipping rates from Peoria are exactly medial between the Chicago reshipping rates and the East St. Louis reshipping rates. There are also reshipping rates from Buffalo, and the reshipping rates from Toledo, Ohio, are to the Buffalo reshipping rates as 78 is to 60, or 130 per cent of the Buffalo rates.¹⁹

These reshipping rates apply not only from Chicago proper but from other stations within the city limits and from Chicago district stop-over points on shipments originating at points west of the west bank of the Mississippi

TABLE 27
RESHIPPING RATES ON GRAIN AND GRAIN PRODUCTS IN CARLOADS
FROM CHICAGO, PEORIA, AND EAST ST. LOUIS TO NEW YORK

TO NEW YORK FROM	GRAIN		GRAIN PRODUCTS		
	Domestic	Export net	Domestic	Export except flour	Export flour
Chicago	16	13	16.7	15	14
Peoria	17.5	14.5	18.2	16.5	15.5
East St. Louis.....	19	16	19.7	18	17

River and at points north of the Illinois-Wisconsin state line and west and north of Lake Michigan from which through rates are not in effect.²⁰

The reshipping rates named from East St. Louis are published from East St. Louis, Ill., and Hannibal and Louisiana, Mo., and apply on shipments from all origin points from which through rates are not in effect. The reshipping rates named from Peoria apply also from Pekin, Ill., on shipments originating at points west of

¹⁹ The Toledo rates were established on complaint of the Toledo Produce Exchange to the Interstate Commerce Commission. 27 I. C. C. Rep., 536-45.

the west bank of the Mississippi River, north of the Illinois-Wisconsin state line and west and north of Lake Michigan from which no through rates are in effect.²⁰ On grain and grain products from points west of the west bank of the Mississippi River and located north and west of a line drawn via the C. M. & St. P. from Sabula, Iowa, to Tama, Iowa, and thence via the C. & N. W. to Council Bluffs, Iowa, the rates via Peoria to points east of the Western Termini of the eastern trunk lines are the same as current via Chicago on the basis of the local rates to Chicago plus the reshipping rates therefrom.²¹

On shipments from the northwest to eastern groups the through rates via the west bank of Lake Michigan ports, Mackinaw City and Manistique, Mich., are the same as via Chicago. The reshipping rates from Milwaukee, Kewaunee, Manitowoc, and Marinette, Wis., and Menominee and Mackinaw City, Mich., on shipments forwarded via routes across Lake Michigan, are the same as from Chicago. From Manistique, Mich., the proportional rates are 1 cent in excess of rates from Chicago. The reshipping rates published on grain and grain products from Milwaukee, Wis., via routes across Lake Michigan apply via Chicago or Chicago Junctions.

The same arbitraries and percentages apply to the eastern groups on all through rates on grain and grain products. That is, the arbitraries and percentages shown in Table 26 apply on rates from groups on Map 15 and also on through rates from points west of those groups.

(5) *Cotton*.—There is a large movement of cotton

²⁰ Through rates are in effect from Green Bay, Manitowoc, Marinette, Menominee, Milwaukee, Duluth, Superior, Minneapolis, St. Paul, Stillwater, etc.

²¹ The territory in question does not include Pacific coast territory from which through rates are established.

from southwestern and southern points through the Ohio River Crossings, Memphis, Tenn., and the Mississippi River Crossings from Thebes, Ill., to East Hannibal, Ill., inclusive, to Trunk Line and New England territories. The rates on compressed cotton from these crossings to certain eastern groups are shown in Table 28. The rates from Mobile and New Orleans apply without regard to the point of origin of the cotton. The rates from Memphis shown in the table apply on cotton billed from Memphis proper. The proportional rates from Memphis on cotton from southwestern and southern points, when shipped on through bills of lading, are uniformly $4\frac{1}{2}$ cents under the local rates shown in the table. The rates from Fulton, Ky., shown in the table are proportional rates applying on through shipments from southwestern and southern points. The other rates are applicable on local billing.

The rate from New Orleans to New York is 50 cents and to Boston 55 cents per 100 pounds on domestic shipments. The export rate to both New York and Boston is 50 cents. Both the export and the domestic rate to Philadelphia and Baltimore is also 50 cents. To interior New York state points the rate is 45 cents and to the Western Termini, 44 cents. From Mobile, Ala., to New York the rate is 45 cents; to Boston, 50 cents for domestic consumption and 45 cents for export. From Mobile to Philadelphia, Baltimore, interior New York state groups, and Buffalo-Pittsburgh groups the rates are the regular differentials of 2 cents for Philadelphia, 3 cents for Baltimore, 5 cents for interior New York state points, and 6 cents for Buffalo-Pittsburgh points under the rates to New York. The Mobile rates are uniformly 5 cents under the New Orleans rates, except to Philadelphia and Balti-

TABLE 28
RATES ON COMPRESSED COTTON FROM OHIO AND MISSISSIPPI RIVER
CROSSINGS AND OTHER POINTS TO GROUPS IN TRUNK LINE
AND NEW ENGLAND TERRITORIES

FROM	TO						
	New York	Boston, Portland, and Rockland	Boston for export	Philadelphia	Baltimore	Albany, Utica, Syracuse and Rochester	Buffalo-Pittsburgh
New Orleans, La.	50	55	50	50	50	45	44
Mobile, Ala.	45	50	45	43	42	40	39
Memphis, Tenn. ¹	42½	47½	42½	40½	39½	37½	36½
East of Gibbs, Humboldt, Jackson, McKenzie, Milan, Paris, and Rives, Tenn., when from points on the M. & O., the I. C. (South- ern Division), and the N. C. & St. L. ²	34	39	34	32	31	29	28
St. Louis, Mo. ³							
Calro, Ill.							
Brookport, Ill.	34½	39½	34½	32½	31½	29½	28½
Thebes, Ill.							
Shawneetown, Ill.	32	37	32	30	29	27	26
East St. Louis, Ill. ⁴							
East Hannibal, Ill.	30 ½	35	30	28	27	25	24
Mt. Vernon, Ind.							
Evansville, Ind.							
Louisville, Ky.							
New Albany, Ind.	28	33	28	26	25	23	22
Jeffersonville, Ind.							
Chicago, Ill.	27	32	27	25	24	22	21
Cincinnati, Ohio	24½	29½	24½	22½	21½	19½	18½

¹ The proportion east of Memphis on through-billed shipments from Oklahoma, Arkansas, Texas, and other points south of Memphis is 4¼ cents less than the local rate to eastern groups.

² Will not apply on cotton that has previously passed through Memphis, Tenn.

³ East St. Louis } Local 32 37 32 30 29 27 26
 St. Louis }

⁴ Applies on cotton consigned directly through from points west of East St. Louis, Ill., for which no other rates have been specifically provided and on shipments stopped at East St. Louis, Ill., for storage, compression, etc.

more, in which cases they are 7 and 8 cents respectively under the New Orleans rates. The local rates from Memphis, Tenn., are uniformly $2\frac{1}{2}$ cents under the rates from Mobile. The proportional rates from Memphis, Tenn., are uniformly 7 cents under the Mobile rates. The proportional rate from Memphis, Tenn., to New York is 38 cents. The proportional rates from Fulton, Ky., and St. Louis, Mo., to eastern groups are uniformly 4 cents under the proportional rates from Memphis, Tenn. To the same groups of destination, the rates from Cairo, Brookport, and Thebes, Ill., are uniformly one-half cent higher than from St. Louis, Mo., and Fulton, Ky., and $4\frac{1}{2}$ cents higher than from East St. Louis and East Hannibal, Ill., and Mt. Vernon, Ind. The rates from Shawneetown, Ill., are uniformly $2\frac{1}{2}$ cents under the rates from Cairo, Ill. The rates from Louisville, Ky., and New Albany and Jeffersonville, Ind., are uniformly 4 cents under the rates from Shawneetown, Ill., and $6\frac{1}{2}$ cents under the rates from Cairo, Ill. The rates from Chicago are uniformly 1 cent under the Louisville rates. The rates from Cincinnati, Ohio, are uniformly $3\frac{1}{2}$ cents under the Louisville rates to the same points of destination.

To summarize the statements made concerning differentials for the eastern groups, the New York rates are the basis. The domestic rates to Boston are uniformly 5 cents over the New York rates, and the export rates to Boston are the same as the New York rates. Except from New Orleans the rates to Philadelphia and Baltimore are the regular differentials under the New York rates, that is, 2 cents for Philadelphia and 3 cents for Baltimore. The rates to interior New York State groups are uniformly 5 cents under the New York rates and to Buffalo and Pittsburgh, 6 cents under the New York rates.

(6) *Wool and Mohair*.—The rates on wool and Angora goat hair (mohair), in grease, in carloads, minimum weight 16,000 pounds, from percentage territory in the United States to points east of the Western Termini of the eastern trunk lines are on the general percentage basis of 50 cents per 100 pounds from Chicago to New York. The rates from percentage points other than Chicago are the percentages shown on Map 4 of the Chicago rates. The eastern differentials and percentages are on the usual commodity basis, as shown in Table 23. The lake-and-rail rates are on a differential basis of 5 cents per 100 pounds less than the all-rail rates. The rail-and-ocean rates are 4 cents less than the all-rail rates. From percentage territory to points east of the Western Termini the rates on mohair and wool in less-than-carload quantities are based on the Official Classification rating.

The basis for proportional rates on wool and Angora goat hair (mohair), in grease, from the Mississippi River Crossings and certain other points to points east of the Western Termini is set forth in Table 29. The rates from the crossings and other points to New York are given. These rates are used as the basis for rates to eastern groups other than the New York group. The rates to eastern groups other than the New York group are the usual percentages of the New York rates or arbitraries under or over the New York rates. This basis is set forth in Table 23.

The table should be consulted for the details and the exceptions in regard to these rates. However, it may be noted that the Chicago rate is only 45 cents on shipments from west of the Mississippi River, while the local rate used as the percentage basis from Chicago to New York, as stated above, is 50 cents. It should also be noted that the local rate from Minneapolis, St. Paul, etc.,

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while the proportional rate is only 55 cents. The local rates from St. Paul are 15 cents over the local rates from Chicago, while the proportional rates from St. Paul are only 11 cents over the proportional rates from Chicago.

TABLE 29
BASIS FOR PROPORTIONAL RATES ON WOOL AND ANGORA GOAT HAIR
(MOHAIR) IN GREASE FROM MISSISSIPPI RIVER CROSSINGS
AND OTHER POINTS TO POINTS EAST OF THE
WESTERN TERMINI

ITEM	FROM	TO NEW YORK AS BASIS TO OTHER GROUPS
1 1	Mississippi River Crossings, East St. Louis to East Dubuque, Ill., inc.	43 2 48 2
2 1	Calro, Ill. Gale, Ill. Thebes, Ill.	60 4
3 1	Chicago, Ill. Louisville, Ky. Milwaukee, Wis. Kewaunee, Wis. 5 Manitowoc, Wis. 5	50 4
4	Ashland, Wis. LaCrosse, Wis. Superior, Wis. Duluth, Minn. Minneapolis, Minn. St. Paul, Minn. Stillwater, Minn. Winona, Minn. Minnesota Transfer, Minn. South St. Paul, Minn.	Local 65 6 Proportional 55 7

1 These rates apply only on shipments originating west of the west bank of the Mississippi River.

2 Baled, minimum carload 32,000 pounds or minimum density 19 pounds per cubic foot.

3 Sacked, minimum carload 24,000 pounds; or baled, minimum density 19 pounds per cubic foot.

4 Third-class rate is applicable locally or proportionally.

5 Via car ferry across-lake only.

6 Applies from points named only.

7 Applies on shipments originating west of the Minnesota-Dakota state line.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. What is the principal difference between rates shown on Tables 4 and 11?
2. Give the rule for figuring fractions on eastbound rates.
3. Is the grouping of C. F. A. Territory the same for eastbound and westbound rates? If not, give examples showing differences.
4. How are rates from Canadian percentage territory to New York based?
5. How are commodity rates eastbound based?
6. Give the rates from Chicago to New York on the following commodities: asphaltum, cement, salt, binder twine (for export).
7. What are the rates on brick, petroleum oil, and salt from 60, 80, and 96 per cent points to New York?
8. Are the commodity rates from Canadian percentage territory to the New York group based closely on Chicago-to-New York rates?
9. Name ten commodities upon which there are specific commodity rates, the points from which the rates apply, and the rates applying.
10. Give the rates on dressed beef, hogs and sheep, cattle, and horses and mules from Chicago to New York.
11. How are rates made on live stock to New York from 101 per cent points? From 112 per cent points? From 120 per cent points?
12. Give a general explanation of the basis for iron and steel rates eastbound.
13. Discuss briefly the rate structure for grain and grain products.

14. What is the difference between the domestic and export grain rates to New York from groups M-AA?

15. Give a brief summary of how commodity rates are made eastbound.

16. How are class rates made from percentage groups to Boston? To Rockland, Me.? To Philadelphia? To Baltimore? To Albany, N. Y.? To Syracuse, N. Y.?

17. How are rates made to Cumberland, Md., from various percentage groups?

18. How are rates made to Virginia Cities?

19. Discuss the rate groups of New England for eastbound rates.

20. How do eastbound and westbound rates for the Boston group compare?

21. What did Commissioner Prouty say about New England rates?

22. How are rates from percentage territory to stations on the Virginian Railway made?

23. On what commodities are there special bases to eastern points?

24. On what are commodity rates eastbound generally based?

25. How are commodity rates from percentage groups to Boston made?

26. Give the bases for commodity rates from percentage territory to Rockland, Me., Philadelphia, Baltimore, and Cumberland, Md.

27. What are the bases for rates on dressed meats from percentage territory to Boston, Philadelphia, and Syracuse, N. Y.?

28. State the bases for rates on grain and grain products from percentage points to Boston, Philadelphia, and Baltimore, both domestic and export.

29. Give the bases for rates on grain and grain products from percentage points to Albany, N. Y., Utica, N. Y., Syracuse, N. Y., and the Virginia Cities.

30. Give the reshipping rates on grain from Chicago, Peoria, and East St. Louis to New York.

TEST QUESTIONS

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31. What are the rates on compressed cotton from New Orleans, Cairo, Ill., and Louisville, to New York, Philadelphia, and Baltimore?

32. Give the proportional rate on wool from the Mississippi River Crossings to New York.

33. State the local and proportional rates on wool from Ashland, Wis., Duluth, Minn., and Minneapolis to New York.

FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

COMPILED BY GEORGE L. BISHOP, JR., AND L. H. HARRINGTON
CHICAGO AND BOSTON: THE BOSTON COMPANY

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Chicago, Trade and Commerce

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PART I
CANADIAN PERCENTAGE TERRITORY RATES
RAIL AND WATER RATES
DEVELOPMENT OF PERCENTAGE SYSTEM

LA SALLE UNIVERSITY
(Not a Profit Making Institution)
CHICAGO

INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

Prepared under Editorial Supervision of
Samuel MacClintock, Ph. D.

The subjects listed below constitute the basic material of a course in Interstate Commerce and Railway Traffic. This course is especially designed to meet the constantly growing demand for adequately trained men in national and industrial traffic work; to assist students to pass the examination for government service under the Interstate Commerce Commission; and to meet the demand for men competent to direct the work of commercial organizations and trade unions. With the exception of the Atlas of Railway Traffic Maps, the subjects listed below are covered in an average of approximately 500 pages each.

Atlas of Railway Traffic Maps
Freight Classification
Freight Rates: Official Classification Territory and Eastern Canada
Freight Rates: Southern Territory
Freight Rates: Western Territory
Publication and Filing of Tariffs
Bases for Freight Charges, Reducing Freight Charges to a Minimum, Routing Freight Shipments,
Freight Claims, The Bill of Lading, and The
Industrial Traffic Department.
Railway Organization, Expenses, and Accounting
Express and Parcel Post
Water Traffic and Rates
Government Control of Common Carriers
Interpretation of the Act to Regulate Commerce
Rulings of the Interstate Commerce Commission and
Procedure before that body
Business Law, I
Business Law, II
The Law of Carriers of Goods
Physical Traffic Problems

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FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

C. C. McCAIN
Chairman, Trunk Line Association

WILLIAM A. SHELTON, A. M.
LaSalle Extension University

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CHAPTER IV

ALL-RAIL RATES FROM C. F. A. TERRITORY TO EASTERN CANADIAN GROUPS, AND FROM CANADIAN PERCENTAGE TERRITORY TO CERTAIN TRUNK LINE GROUPS

1. FROM C. F. A. TERRITORY TO EASTERN CANADIAN GROUPS

(1) *Standard Rates from Chicago to Eastern Groups.*

—Table 30 shows the standard all-rail rates on classes, live stock, and dressed meats from Chicago to certain eastern groups. It should be noted that the rates from Chicago to Buffalo are 60 per cent of the rates from Chicago to New York. The rates from other C. F. A. groups to Buffalo are based on the C. F. A. Scale.¹ The rates from Chicago to Detroit and Port Huron are the rates for 250 miles in the C. F. A. Scale. However, the distance by the direct line from Chicago to Detroit is 285 miles, and Port Huron is still more distant. The rates from C. F. A. points other than Chicago to Detroit and Port Huron are based roughly on the C. F. A. Scale but modified by competition.

(2) From points near C. F. A. points shown in Table 31 to Toronto the rates are based on the C. F. A. Scale. From the points grouped around Indianapolis and other points shown in Table 31 the same rates apply as from the points named in the table. From Chicago and other Illinois points not specified in Table 31 and from points in Michigan to Toronto the same class rates apply as to Buffalo. In the tariffs these rates are called the Toronto rates.

(3) *Basis for Making Rates to Canadian Groups*

¹ The C. F. A. Scale is a table of distance rates; see chap. viii.

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from C. F. A. Territory Except Pittsburgh.²—Having set forth the rates shown in Tables 30, 31, 32, and 34, it is easy to explain the basis for making rates to Canadian

TABLE 30
STANDARD RATES FROM CHICAGO TO EASTERN POINTS

FROM CHICAGO To	RATES IN CENTS PER 100 LBS.						LIVE STOCK, PER 100 POUNDS			DRESSED MEATS
	Classes						Horses	Cattle	Sheep and Hogs	PER 100 POUNDS
	1	2	3	4	5	6				
Detroit	37	33	23½	16	13	10	23	13	13	20
Port Huron	45	39	30	21	18	15	36	18	18	27
Buffalo	73	63	48	33	28	23	58	26	26	42
Philadelphia	75	65	50	35	30	25	60	28	30	45
Montreal	75	65	50	35	30	25	60	28	30	45
New York	62	71	55	39	33	27	60	28	30	45
Boston										

TABLE 31
RATES FROM CERTAIN C. F. A. GROUPS TO TORONTO, CANADA

To TORONTO FROM	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
Indianapolis .....Ind.	46½	40½	31	21½	18½	15½
Danville .....Ill.	48	41½	32	22½	19	16
Terre Haute .....Ind.	49½	43	33	23	20	16½
Louisville .....Ky.	51	44	34	24	20½	17
Essex .....Ill.	51	44½	34	24	20½	17
Evansville .....Ind.	54	47	36	25	21½	18
Ironton .....Ohio	49	43	33	23	20	16½

TABLE 32
DISTANCE RATES (ASSUMED MILEAGE) FROM C. F. A. POINTS
NOT SHOWN IN TABLE 31 TO TORONTO, CANADA

DISTANCES	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
300 miles	40	34	25	17	14½	11½
325 miles	41	35	26	18	15	12
350 miles	42	36	27	18½	15½	13
375 miles	43	36½	27½	19	16½	13½
400 miles	44	37½	28½	19½	17	14
425 miles	44½	38½	29	20½	17½	14½
450 miles	45	39	30	21	18	15

² Supplements 13, 18, and 19 to Canadian Freight Bases; Petition No. 6 for Relief from the Fourth Section of the Act to Regulate Commerce, filed by the agent of the Central Freight Association with the Interstate Commerce Commission.

groups from C. F. A. Territory, except the Pittsburgh group, and from western and southern territories. For class rates and rates on live stock and dressed meats the basis is shown in Table 33. From C. F. A. points to points lying between Detroit and Port Huron on the west and Thedford, Hyde Park, and Port Stanley, Ont., on the east the table shows that the rates are arbitraries over the Detroit and Port Huron rates, with Buffalo rates as maxima, on classes and the same as the Buffalo rates on commodities. This group is known as the Sarnia group.

East from London via the Grand Trunk Railway to and including Hamilton, Ont., thence via the south shore of Lake Erie to but not including Port Stanley and east of the Sarnia group described in the last paragraph, the Buffalo rates apply from groups 78 per cent and higher in C. F. A. Territory. This is the Hamilton group.

TABLE 33

BASIS FOR MAKING RATES TO CANADIAN GROUPS FROM CENTRAL FREIGHT ASSOCIATION, WESTERN, AND SOUTHERN TERRITORIES

To Groups	BASIS FOR GENERAL MERCHANDISE (For standard rates see Table 30)						BASIS FOR LIVE STOCK AND DRESSED MEATS, CARLOADS (For standard rates see Table 30)	
	RATES IN CENTS PER 100 POUNDS						From points taking	Rates
	Classes							
	1	2	3	4	5	6		
Windsor, Ont. ¹	8	7	5	4	3	2½	78% and over	Buffalo current rates
	above Detroit rates, but not to exceed Belle River, Comber, or Kingsville							
Sarnia, Ont. ²	8	7	5	4	3	2½		
	above Pt. Huron rates, but not to exceed Fort Erie							

1 Via Detroit.
2 Via Pt. Huron Tunnel.

¹ Via Detroit.

² Via Pt. Huron Tunnel.

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TABLE 33—CONTINUED

To Groups	BASIS FOR GENERAL MERCHANDISE (For standard rates see Table 30)						BASIS FOR LIVE STOCK AND DRESSED MEATS, CARLOADS (For standard rates see Table 30)	
	RATES IN CENTS PER 100 POUNDS						From points taking	Rates
	Classes							
	1	2	3	4	5	6		
Belle River, Ont. ¹ Comber, Ont. ¹ Kingsville, Ont. ¹ Forest, Ont. ²	2½	1½	1½	1½	1½	1	78% and over	Buffalo current rates
lower than Buffalo rates, except when Buffalo rates are less than 7½, 5½, 4½, 3½, 3 cents per 100 pounds above Detroit rates, in which case Buffalo rates will apply								
London, Ont. Hamilton, Ont.	From points taking 78% and over of Chicago to New York rates, under Central Freight Association rules, current Buffalo rates apply						78% and over	Buffalo current rates
	From points taking less than 78% of Chicago to New York rates, under Central Freight Association rules, Toronto rates apply, except that from other than Pittsburgh, Ironton, Johnstown, and Connellsville points, the rates Cincinnati to Buffalo are the maximum and to stations shown as taking 2½, 1½, 1½, 1½, 1½, 1 cents per 100 pounds lower than Buffalo rates, the same differences may be made below the Toronto rates, when forwarded via Detroit							
Toronto, Ont.	From Ohio, Western Pennsylvania, Indiana, and certain Illinois and Kentucky stations named in Table 31, rates are shown in Tables 31 and 32 From Chicago and other Illinois points not specified in Table 31 and from points in Michigan, Buffalo standard class rates apply. Such rates are called Toronto rates in tariffs						78% and over	Buffalo standard rates

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TO GROUPS	BASIS FOR GENERAL MERCHANDISE (For standard rates see Table 30)						BASIS FOR LIVE STOCK AND DRESSED MEATS, CARLOADS (For standard rates see Table 30)	
	RATES IN CENTS PER 100 POUNDS						From points taking	Rates
	Classes							
	1	2	3	4	5	6		
	From points taking a percentage of Chicago to New York class rates, under Central Freight Association rules, the following percentage of Montreal standard rates apply, subject to the current Montreal rates as a maximum to stations in the direct line							
	Under 78%	78%	79 to 100%	Over 100%	78%	79 to 100%	Over 100%	
Agincourt, Ont.	74%	68%	74%	76%	68%	74%	76%	
Myrtle, Ont.								
Oshawa, Ont.								
Cobourg, Ont..								
Lindsay, Ont.	80%	76%	80%	84%	87%	90%	91%	
Peterboro, Ont.								
Cent. Ont. Jct., Ont..								
Trenton, Ont.								
Sharbot Lake, Ont.	90%	87%	90%	91%	96%	96%	96%	
Napanee, Ont.								
Kingston, Ont.								
Brockville, Ont.	Montreal current rates				78% and over	Montreal current rates		
Prescott, Ont.								
Smith's Falls, Ont.								
Carleton Jct., Ont.	Montreal standard rates				78% and over	Montreal standard rates		
Ottawa, Ont.								

TABLE 33—CONTINUED

TO GROUPS	BASIS FOR GENERAL MERCHANDISE (For standard rates see Table 30)	BASIS FOR LIVE STOCK AND DRESSED MEATS, CARLOADS (For standard rates see Table 30)	
	RATES IN CENTS PER 100 POUNDS		
	Classes	From points taking	Rates
	1 2 3 4 5 6		
Montreal, Que. ³	From Chicago and other Illinois points not specified in Table 31 and from points in Michigan, standard rates to New York apply, subject to the current rates to Boston as a maximum From Ohio, Western Pennsylvania, Indiana, and certain Illinois and Kentucky stations, rates are shown in Tables 31 and 32	78% and over	Boston current rates
Montreal, Que. ⁴	Philadelphia current rates, except that from points taking less than 78% of Chicago to New York rates, the 78% rates will be the minimum, subject to Montreal (local) rates as maxima	78% and over	On live stock, New York current rates On dressed meats, Philadel- phia cur- rent rates
St. Johns, Que. ³ Sherbrooke, Que. ³	7 6 5 4 3 2 over standard rates to Montreal, except that from points taking 78% and over of Chicago-to-New York rates, the current rates to Boston will be the maximum	78% and over	Boston current rates
Quebec, Que. ⁴ Point Levi, Que. ⁴ Portland, Me. ⁴ St. John, N.B. ⁴ W. St. John, N. B. ⁴	New York current rates, except that from points taking less than 78% of Chicago-to-New York rates, the 78% rates will be the minimum	78% and over	New York current rates

³ Local.⁴ Export.

TABLE 33—CONTINUED

TO GROUPS	BASIS FOR GENERAL MERCHANDISE (For standard rates see Table 30)						BASIS FOR LIVE STOCK AND DRESSED MEATS, CARLOADS (For standard rates see Table 30)			
	RATES IN CENTS PER 100 POUNDS									
	Classes									
	1	2	3	4	5	6	From points taking		Rates	
Halifax, N. S. ⁴	One cent per 100 pounds over St. John, N. B., export rates						78% and over		One cent per 100 pounds over St. John, N. B., ex- port rates	
Quebec, Que. ^{3, 5} Point Levi, Que. ^{3, 5}	14	12	10	8	6	5	78% and over		Boston standard rates	
North Sydney, C. B. ⁶	15	12	10½	9	7½	6				
	over New York domestic rates, except that from points taking less than 78% of Chicago-to- New York rates, the 78% rates will be the minimum									
Cacouna, Que. ⁵	18	16	14	12	10	8	RATES IN CENTS PER 100 POUNDS Over standard rates to Montreal			
St. John, N. B. ^{3, 5} McAdam Jct., N. B. ⁵ Halifax, N. S. ^{3, 5}	20	18	16	14	12	10	Sheep Dressed Horses Cattle and Meats Hogs			
	over the standard rates to Mon- treal ⁷						19	12	14	17½
Mulgrave, N. S. ⁵	24	22	19	17	14	12				
	over the standard rates to Mon- treal ⁷						23	14	16	20½
Sydney, C. B. ³	28	25	22	19	16	14				
	over the standard rates to Mon- treal ⁷						26	16	18	23½

⁵ Above bases will apply only where through percentages are in effect. Where there are no through percentages the traffic is subject to the current local rates from Montreal to destination.

⁶ Applicable only on traffic destined to points in Newfoundland.

⁷ Rates on grain and grain products, carloads, to the following base points: Quebec and Point Levi (proper), Cacouna, St. John, McAdam Jct., Halifax, Mulgrave, and Sydney are made up by adding the sixth-class arbitraries shown above to the current Montreal (local) rates.

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TABLE 34
MINIMUM RATES FROM THE PITTSBURGH GROUP TO CANADIAN
POINTS SPECIFIED VIA NIAGARA FRONTIER

FROM PITTSBURGH TO	RATES IN CENTS PER 100 POUNDS Classes					
	1	2	3	4	5	6
Windsor, Sarnia, Belle River, Comber..Ont.	45	39	30	21	18	15
Kingsville, London, Toronto, Hamilton..Ont.						
Agincourt, Myrtle, Oshawa.....Ont.	52½	45½	35	24½	21	17½
Cobourg .....Ont.	57	49	38	26½	23	19
Lindsay, Peterboro, Cent. Ont. Jct., Tren- ton .....Ont.	64	55½	42½	29½	25	21
Sharbot Lake, Napanee, Kingston....Ont.						
Brockville, Prescott, Smith's Falls....Ont.	65	56	43	30	25	21½
Carleton Jct., Ottawa.....Ont.						
Montreal .....Que.	72	62	48	34	28	23½
St. Johns, Sherbrooke.....Que.	79	68	53	38	31	26½
Quebec, Point Levi.....Que.	83	72	57	42	35	29½
Cacouna .....Que.	85	74	59	44	37	31½
St. John, McAdam Jct. ....N. B.						
Halifax .....N. S.	89	78	62	47	39	33½
Mulgrave .....N. S.	93	81	65	49	41	35½
Sydney .....C. B.						

TABLE 35
ARBITRARIES OVER PITTSBURGH RATES APPLICABLE FROM THE
JOHNSTOWN AND CONNELLSVILLE GROUPS TO CANADIAN
GROUPS SPECIFIED IN TABLE 33

FROM	RATES IN CENTS PER 100 POUNDS Classes						IRON COMMODITIES	
	1	2	3	4	5	6	L. C. I.	C. L.
Connellsville, Pa.	5	4	3	2	2	2	2	1½
Johnstown, Pa.	10	8	6	5	4	3	2	1½

East and north of the Hamilton group on and south of the main line of the Grand Trunk Railway from Thedford to and including Toronto, the Toronto rates apply.

Territory east of the Toronto group on and south of

the Canadian Pacific Railway through Smith's Falls and Carleton Junction to Ottawa, thence via the south shore of the Ottawa River to and including Montreal, also intermediate points north of Lake Ontario and the St. Lawrence River, is the Montreal group, which takes either the Montreal rates (same as the New York rates) or percentages of the Montreal rates as shown in the table. The percentages shown in the table for Agincourt, Cobourg, Kingston, etc., closely approximate the percentages from C. F. A. Territory to the Rochester, the Syracuse, the Utica, and the Albany groups in the United States. This indicates that the rates from C. F. A. Territory to Canadian points are based in a manner very similar to that of the rates from C. F. A. points to eastern groups in the United States. On domestic shipments, the rates to Montreal and points taking the same rates are the same as the New York rates from the more distant C. F. A. points.

However, the export rates to Montreal are on the Philadelphia basis in general, and the exceptions are stated in the table. The rates to St. Johns and Sherbrooke, Que., also to points in Ontario and Quebec on the New York Central Lines are the same arbitraries over the Montreal rates, in general, as are applied to Boston over the New York rates. That is, the rates to these points are the same as those to Boston, with exceptions mentioned in the table.

To Quebec and other points taking the Quebec rates, the domestic rates are a 14-cent scale of arbitraries over the Montreal rates. On exports the rates to Quebec are the same as the current New York rates. To terri-

tory north and east of groups described above, to points located on the railways connecting with the Grand Trunk and the Canadian Pacific railways east of Toronto and west of Brockville, and to points south of the Canadian Pacific Railway and north of Lake Ontario and north and south of the St. Lawrence River, certain scales of arbitraries over the Montreal and New York rates are applied as shown in the table. In brief, the rates from C. F. A. Territory to eastern Canadian groups are based in a manner very similar to that of the rates from C. F. A. Territory to Trunk Line and New England groups. The general basis, as explained in Table 33, is applicable only between points and via routes where through percentages are in effect. Between points where there are no through percentages traffic is subject to the rates from or to the nearest prorating junction point. This is the general Canadian practice under the ruling of the Canadian Commission. The rule in the United States is that when no through rates are in effect the rates to intermediate points are the same as at the more distant point and not the same as at the nearest point. To a number of Canadian points from percentage points in C. F. A. Territory, the rates are the minimum to Canadian groups; and usually the rates to Portland, Me., or Boston, Mass., are the maximum to intermediate stations on the direct lines of the Grand Trunk and the Canadian Pacific railways passing through Ontario and Quebec.

(4) *Basis for Rates on Pig Iron.*—The basis for rates on pig iron in carloads from points specified in Table 36 to Canadian base points listed in the same table is set forth in that table. The same general basis applies

as was set forth in Table 33 for class rates. From C. F. A. points to Canadian points lying west of Buffalo the current Buffalo rates apply. However, the rates to Toronto and points taking the same rates are higher than to Buffalo, subject to the sixth-class rates as a maximum. To points lying east of the Toronto group and west of Montreal the rates are again certain percentages of the New York rates, except that to Brockville and certain other points the current Montreal rates are applied. The rates to Montreal are the current rates to Boston. Tables 33 and 36 should be consulted for the details. The explanations given above are for general comparative purposes and do not always state the exceptions shown in the tables.

2. CLASS RATES FROM CANADIAN PERCENTAGE GROUPS TO EASTERN BASING POINTS SPECIFIED

The Canadian percentage groups lying north of C. F. A. Territory for westbound rates are shown on Map 9. The grouping for eastbound rates is slightly different from that shown on Map 9, but the groups there shown are sufficient to give the general conception of the rate basis. The rates from percentage groups in Canada to the New York group were set forth in Chapter III. Table 37 shows the class rates from Canadian percentage groups to other eastern basing points specified. It should be noticed that from Canadian percentage groups, except the 73 per cent group, to Philadelphia and Baltimore the rates are the same as to New York. This is not true from percentage groups in the United States. It may

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TABLE 36
BASIS FOR RATES ON PIG IRON IN CARLOADS FROM POINTS SPECIFIED TO CANADIAN BASE POINTS

TO GROUPS		FROM GROUPS					
	Chicago, Ill. Louisville, Ky.	Detroit Mich.	Cincinnati, O. Cleveland, Ironton, Jackson, Mahoning, Wellston, Columbus.	Evansville, Ind.	East St. Louis Ill.	Cairo, Ill.	
Windsor, ¹ Sarnia ¹.....Ont.	Current	Buffalo	rates apply				
Belle River, ¹ Comber ¹....Ont.							
Kingsville, ¹ Forest ¹.....Ont.							
London, ¹ Hamilton ¹.....Ont.							
Toronto ² .....Ont.	50 cents per gross ton over current Montreal rates as a maxi- mum	per gross ton over current Montreal rates as a maxi- mum	subject to sixth-class rates	current rates	current rates	current rates	
To the following points, the centages of the current Montreal	undermentioned rates apply						
Agincourt, ² Myrtle ² ....Ont.	74%	68%	74%	76%	76%	76%	
Oshawa ² .....Ont.							
Cobourg ² .....Ont.	80%	76%	80%	84%	84%	84%	
Lindsay, ² Peterboro ² ....Ont.	90%	80%	90%	91%	91%	91%	
Central Ontario Jct. ².....Ont.							
Trenton, ² Sharbot Lake, ² Ont.							
Napanee, ² Kingston ².....Ont.							
Brockville, ² Prescott ² ..Ont.	Current Montreal rates apply						
Smith's Falls ² .....Ont.							
Carleton Jct., ² Ottawa ² ..Ont.							
Montreal ² .....Que.	Current Boston rates apply						
St. Johns, ² Sherbrooke ² ..Que.							
Quebec, ² Point Levi ²....Que.	\$1.00	Per gross ton over current Montreal rates					
Cacouna ² .....Que.	1.60						
St. John, ² McAdam Jct. ² N. B.	2.00						
Halifax ² .....N. S.	2.00						
Mulgrave ² .....N. S.	2.40						
Sydney ² .....C. B.	2.80						

¹ On traffic from south of the Ohio River, forwarded via Cincinnati, Ironton, or other Ohio River Crossings east of Cincinnati, the Cincinnati proportional rate to Buffalo applies.

² On traffic from south of the Ohio River, forwarded via Cincinnati, Ironton, or other Ohio River Crossings east of Cincinnati, the local rate from Cincinnati must be used as a basis, subject to the current Montreal rate as a maximum to intermediate base points.

³ On traffic from south of the Ohio River, forwarded via Cincinnati, Ironton, or other Ohio River Crossings east of Cincinnati, the proportional rate to Boston applies.

be recalled that the rates from percentage groups in the United States to Philadelphia are 2 cents for each of the six classes under those from the same groups to New York, and that to Baltimore the rates are 3 cents under those to New York. From the Canadian groups, however, the distance is approximately the same to Philadelphia and Baltimore as to New York, while from points in the United States the distance is less to Baltimore and Philadelphia than to New York. The rates shown in Table 37 to eastern groups other than the Baltimore and the Philadelphia groups are on the general percentage basis, but the grouping of Trunk Line Territory for rates from Canadian percentage territory, is not the same as from C. F. A. Territory. The names of the groups in Trunk Line Territory for rates from the Canadian percentage groups are shown in the left-hand column of Table 37. From Canadian percentage groups to New England and eastern Canadian groups the rate basis is similar to that from C. F. A. Territory to the same eastern groups. To summarize and generalize, the rate basis from percentage territory in Canada to eastern groups in the United States and Canada is roughly the same as from C. F. A. Territory to eastern groups in the United States and Canada. Albeit, there are important differences, some of which have been pointed out.

The all-rail rates of the New York-Chicago percentage system have now been set forth. But the class and the more important commodity rates eastbound and westbound have been presented. The following chapter will be devoted to rail-and-water rates.

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TABLE 37

CLASS RATES FROM CANADIAN PERCENTAGE GROUPS TO EASTERN
BASING POINTS SPECIFIED ¹

ITEM	TO EASTERN GROUPS	FROM PER- CENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
			Classes					
			1	2	3	4	5	6
1	Philadelphia, Pa. Baltimore, Md.	73 78-100	58½	50½	39	27½	23½	19½
			Same rates as to New York					
		73	52½	45½	35	24½	21	17½
		78 78-A	56	48½	37½	26½	22½	18½
2	Albany, N. Y. Troy, N. Y. Schenectady, N. Y.	80 82 84 85 87 89 93 100	57½ 59 60½ 61 62½ 64 66½ 72	50 51½ 52½ 53 54 55½ 58 62½	38½ 39½ 40½ 41 42 42½ 44½ 48	27 27½ 28½ 28½ 29½ 30 31 33½	23 23½ 24 24½ 25 25½ 27 29	19 19½ 20 20 20½ 21 22 24
		73 78	52½	45½	35	24½	21	17½
		78-A	44½	38½	29½	21	18	15
		80	55	48	37	26	22	18
		82	56½	49	37½	26	22½	18½
		84	58	50	38½	27	23	19
		85	58½	50½	39	27	23½	19
		87	60	52	40	28	24	19½
		89	61	53½	41	28½	24½	20
		93	64	55½	43	30	26	21
		100	69	60	46	32	27½	23
		73 78 78-A	51	44	34	24	20½	17
		80	54	47	36	25	21½	18
		82	55½	48	37	25½	22	18½
		84	56½	49	38	26½	22½	19
		85	57	49½	38	26½	23	19
		87	58½	51	39	27½	23½	19½
		89	60	52	40	28	24	20
		93	62½	54½	42	29	25	20½
		100	67½	58½	45	31½	27	22½
4	Utica, N. Y.							

¹ Grand Trunk Railway System's tariff I. C. C. No. 1785.

TABLE 37—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PER-CENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
			Classes					
			1	2	3	4	5	6
5	Elmira, N. Y. Corning, N. Y.	73	49½	43	33	23½	20	16½
		78						
		78-A	44½	38½	29½	21	18	15
		80	51½	44½	34½	24	20½	17
		82	53	46	35½	24½	21	17½
		84	54	47	36	25½	21½	18
		85	54½	47½	36½	25½	22	18
		87	56	48½	37½	26	22½	18½
		89	57	50	38½	26½	23	19
		93	60	52	40	28	24	20
		100	64½	56	43	30	26	21½
6	Hornell, N. Y. Wayland, N. Y.	73	47	40½	31	22	19	15½
		78						
		78-A	40	34½	26½	18½	16	13½
		80	49	42½	33	23	19½	16½
		82	50½	44	33½	23½	20	17
		84	51½	44½	34½	24	20½	17
		85	52	45	35	24	21	17
		87	53½	46½	35½	25	21½	17½
		89	54½	47½	36½	25½	21½	18
		93	57	49½	38	26½	23	19
		100	61½	53½	41	28½	24½	20½
7	Syracuse, N. Y. Geneva, N. Y. Oswego, N. Y.	73	44½	38½	30½	21½	18½	15
		78						
		78-A	44½	38½	29½	21	18	15
		80	48	41½	32	22½	19	16
		82	49	43	33	23	19½	16½
		84	50½	43½	33½	23½	20	17
		85	51	44	34	23½	20½	17½
		87	52	45	35	24	21	18
		89	53	46½	35½	24½	21½	18½
		93	55½	48½	37	26½	23½	19½
		100	60	52	40	28	24	20

For specific
applying on rail-
however, it may be

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TABLE 37—CONTINUED

ITEM	TO EASTERN GROUPS	FROM PER- CENTAGE GROUPS	RATES IN CENTS PER 100 POUNDS					
			Classes					
			1	2	3	4	5	6
8	Rochester, N. Y. Mt. Morris, N. Y. Depew, N. Y.	73	44	38	30½	21½	18½	15
		78 78-A	40	34½	26½	18½	16	13½
		80	44½	38½	29½	20½	18	15
		82	45½	39½	30½	21	18	15
		84	46½	40½	31	22	18½	15½
		85	47	40½	31½	22	19	15½
		87	48	42	32	22½	19	16
		89	49	43	33	23	19½	16½
		93	51½	45	34½	24	20	17
		100	55½	48	37	26	22	18½
9	Ogdensburg, N. Y.	73	..	..	..	..	..	..
		78 78-A	65½	56½	44	31½	26½	21½
		80	67	58	45	32	27	22
		82	68½	59½	46	32½	27½	22½
		84	70	60½	47	33½	28	23
		85						
		87	72	62½	48½	34½	29	23½
		89	73½	64	49½	35	29½	24
		93	76½	66½	51½	36½	31	25
		100	82	71	55	39	33	27

4 Utica, N. Y.

1 Grand Trunk

CHAPTER V

RAIL-AND-WATER RATES

1. WESTBOUND RATES

The all-rail rates westbound from Trunk Line and New England Territories were set forth in Chapter II. The various combinations of rail-and-water rates westbound from Trunk Line and New England territories to percentage territory in the United States and Canada and certain other western points, are based approximately on the same grouping of Trunk Line and New England territories as that for all-rail rates. This grouping is shown on Map 9.

(1) *Rail-and-Lake Rates from Trunk Line and New England Territories.*—Table 38 shows the basis for rail-and-lake rates on classes from eastern groups specified in the table to western points specified. The western grouping is quite different from that shown on Map 3. The table merely specifies certain group points; other stations located near these group points are grouped with the stations mentioned. In addition to percentage territory in both the United States and Canada, Table 38 shows other groups west of Lake Michigan and south of Lake Superior and including the Duluth and the St. Paul groups. The table should be consulted for specific arbitraries under or over other rates applying on rail-and-lake shipments. In general, however, it may be

stated that the rail-and-lake rates are certain arbitraries under the all-rail rates between the same points. The rates to Duluth are at present the same as the rail-and-lake rates to Chicago, except that these rates may not be higher than the differentials shown in Table 38 under the lake-and-rail rates to St. Paul. That is, the 21-cent scale of differentials shown opposite Duluth is made the minimum differential scale for Duluth rates under the St. Paul rates. Prior to Opinion No. 2390 of the Interstate Commerce Commission of June 9, 1913,¹ the rail-and-lake rates from points east of the Illinois-Indiana State Line to Duluth and other points grouped therewith are arbitraries higher than the rail-and-lake rates to Chicago. The decision of the Commission mentioned prescribed rail-and-lake rates to Duluth on the same basis as to Chicago, and also forbade the exaction of rates to Duluth higher than the differentials specified in the table under the St. Paul rail-lake-and-rail rates. This decision was made on the complaint of the Commercial Club of the City of Duluth that rail-and-lake rates to Duluth were both unreasonable and discriminatory against Duluth and in favor of St. Paul. At the time this treatise was prepared there was a probability that the decision above referred to would be accepted by the carriers as to class rates but that there might be a reopening of the case as to commodity rates.

The rates to Sault Ste. Marie, Mich., and other points specified are differentials shown in item 5 of Table 38 higher than the rail-and-lake rates from New York to Chicago. The lake-and-rail rates to points south and

¹ 27 I. C. C. Rep., 639.

TABLE 38

¹ BASIS FOR RATES VIA RAIL AND LAKE ON CLASSES FROM EASTERN GROUPS TO WESTERN POINTS SPECIFIED

ITEM	FROM NEW YORK RATE GROUP TO	RATES OR DIFFERENTIALS IN CENTS PER 100 LBS.						REMARKS
		Classes						
		1	2	3	4	5	6	
1	Chicago, Ill., Milwaukee and Manitowoc, Wis. Also to Gladstone and Sault Ste. Marie, Mich., for Lake Line Delivery	13	11	9	5	5	4	Lower than New York-to-Chicago all-rail rates
2	Cleveland, Ohio	3	3	2	2	1	1	Lower than all-rail rates
3	Detroit and Port Huron, Mich.	8	6	4	3	2	2	Lower than all-rail rates
4	Duluth, Minn., Superior, West Superior, Wis., Marquette, Hancock, Houghton, Dollar Bay, and Hubbel, Mich.	21	18	13	8	7	5	Same rates as from New York to Chicago via rail and lake but not higher than the differentials shown on the left under the rail-and-lake rates to St. Paul.
5	Sault Ste. Marie, Mich., and stations on M. St. P. & S. S. M. Ry., St. Mary's Transfer to Rapid River and Trenary, Mich., inclusive, via Lake Lines to Gladstone, Mich., thence via rail	3	3	3	3	2½	2½	Higher than New York-to-Chicago rail-and-lake rates
6	St. Paul rate territory	15	13	9	5	4	2	Higher than Duluth rail-and-lake rates

TABLE 38—CONTINUED

ITEM	FROM NEW YORK RATE GROUP TO	RATES OR DIFFERENTIALS IN CENTS PER 100 LBS.						REMARKS
		Classes						
		1	2	3	4	5	6	
7	Racine, Joliet, Kankakee, Aurora, Streator, Neponset, Laura, Galva, Annawan, Atkinson, Danville, St. Mary's, Westville, Peoria, Mason City, Altamont, St. Louis, Trans-Mississippi, Carthage, Monmouth, Moline rate territories	10	8	6	4	4	3	Lower than all-rail rates
	FROM PHILADELPHIA RATE GROUP TO							
8	All destination territories above enumerated	6	6	2	2	2	2	Lower than rail-and-lake rates from New York
	FROM BALTIMORE RATE GROUP TO							
9	All destination territories above enumerated	8	8	3	3	3	3	Lower than rail-and-lake rates from New York
	FROM POINTS IN VICINITY OF NEW YORK NOT TAKING NEW YORK BASIS ON RAIL-AND-LAKE RATES TO							
10	Gallon, Tiffin, Forest, Findlay, Urbana, Springfield, Dayton, Ansonia, Union City, Cincinnati, Winchester, Muncie, Anderson, Indianapolis, Fairmont, Lebanon, Martinsville, and Crawfordsville rate territories	10	8	6	4	4	3	Lower than New York all-rail rates

RAIL-AND-WATER RATES

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TABLE 38—CONTINUED

ITEM	FROM BOSTON RATE GROUP TO	RATES OR DIFFERENTIALS IN CENTS PER 100 LBS.						REMARKS
		Classes						
		1	2	3	4	5	6	
11	Cleveland, Ohio	5	4	3	3	2	1	Lower than New York all-rail rates
12	Detroit, Port Huron, Chicago, Milwaukee, Manitowoc, Gladstone, Sault Ste. Marie, Duluth, Superior, West Superior, Marquette, Hancock, Houghton, Dollar Bay, Hubbel, St. Paul, Racine, Joliet, Kankakee, Aurora, Streator, Neponset, Laura, Galva, Annawan, Atkinson, Monmouth, and Moline rate territories							Same as rail-and-lake rates from New York
13	Danville, St. Mary's, Westville, Peoria, Mason City, Altamont, St. Louis, Trans-Mississippi, and Carthage rate territories	5	4	3	3	2	1	Lower than New York all-rail rates
14	Canadian points							Via recognized differential lines, rates are not less than those established from New York to same points via Long Island Sound routes

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TABLE 38—CONTINUED

(2) BASIS FOR RATES VIA OCEAN AND RAIL ON CLASSES FROM EASTERN GROUPS TO WESTERN POINTS SPECIFIED

ITEM	FROM NEW YORK RATE GROUP TO	RATES OR DIFFERENTIALS IN CENTS PER 100 LBS.					
		Classes					
		1	2	3	4	5	6
	76D % and 78D % points via N. Y., O. & W. Ry., via Niagara Frontier All points, via People's Line Steamers and rail via Rouse's Point, N. Y., not less than standard all-rail rates apply	53	46	35	24	21	18
15	76C, 76D, 78C, 78D % points via water-and-rail lines via Long Island Sound, New London, Conn., or Boston, Mass., or Portland, Me.	51	45	35	24	20	18
	Points taking higher than 78% rates via water-and-rail lines via Long Island Sound, New London, Conn., or Boston, Mass., or Portland, Me., are not less than on basis of the following differentials below standard all-rail-rates	8	6	4	3	3	2

west of Chicago shown in item 7 of the table are arbitrary under the all-rail rates to the same points.

The water-and-rail rates from New York and other points to Canadian percentage groups shown on Map 9 are set forth in item 15 of the table. The rates from New York via the N. Y. O. & W. Ry. via the Niagara Frontier are slightly less than the all-rail rates, but from New

York to Canadian percentage groups via Rouse's Point rates are not less than the standard all-rail rates. From New York points to points taking not higher than 78 per cent of the rates from New York to Chicago, via water lines through Long Island Sound and New England ports, rates are slightly less than the all-rail rates as shown by the differentials in item 15 of Table 38.

To other Canadian percentage groups taking higher than 78 per cent via Long Island water routes through New England ports, rates are certain arbitraries under the all-rail rates.

From Philadelphia and Baltimore via rail-and-lake to all destination groups named in Table 38, except Canadian percentage territory, the rail-and-lake rates are the regular Philadelphia and Baltimore differentials under the rail-and-lake rates from New York to the same points. The Philadelphia and Baltimore differentials are the 6-cent and 8-cent scales in item 6 of Table 7.

From certain points in the vicinity of New York City to certain groups in C. F. A. Territory the rail-and-lake differentials are the 10-cent scale shown in Table 38. This scale of differentials is slightly lower than the regular scale applying from New York proper. Enough has been stated concerning the rail-and-lake rates to show that in general they are differentials under the all-rail rates between the same points. The table should be consulted for details not mentioned.

The groups shown in Table 38 are not all of the groups shown on Map 9. The rates from other groups of origin to the same destinations are fixed upon a relative basis with regard to mileage, geographical relation, and competition, using the same percentages and arbitraries as are used in constructing all-rail rates from these eastern

groups. This basis was explained in Chapter II and set forth in Table 7. As in the case of all-rail rates the rail-and-lake rates are fixed via the shorter or more direct routes but apply also via the longer or more circuitous routes. For this reason the fourth section of the Act to Regulate Commerce is frequently violated via the circuitous routes. In general, however, the fourth section is strictly complied with via the more direct routes. That is, rail-and-lake rates to or from intermediate points are not higher than rail-and-lake rates to or from the more distant points, in general, via the direct routes. Rail-and-lake rates from the more distant points are frequently less than all-rail rates from intermediate points. However, the Commission has ruled that the same kind of rates must be considered when applying the fourth section of the Act to Regulate Commerce. That is, all-rail rates must be compared with all-rail rates, rail-and-lake rates with rail-and-lake rates, export rates with export rates, import rates with import rates, etc.

(2) *Rail-and-Lake and Rail-Lake-and-Rail Rates from C. F. A. Territory.*—The basis for rates from C. F. A. Territory to Lake Huron, Lake Superior, and Lake Michigan ports, also Detroit, Port Huron, St. Paul, and points taking the same rates is set forth in Table 39. For rates between these territories C. F. A. Territory is divided into the following groups:

Akron .....Ohio	Indianapolis....Ind.	New Philadelphia
Beaver .....Pa.	Jeffersonville ....Ind.	..... Ohio
Cambridge .....Ohio	Louisville .....Ky.	Orrville .....Ohio
Canal Dover....Ohio	Mahoning and Shen-	Parkersburg, W. Va.
Canton .....Ohio	ango Valley	Pittsburgh .....Pa.
Cincinnati .....Ohio	Points ...Ohio-Pa.	Springfield ....Ohio
Columbus .....Ohio	Marietta .....Ohio	Steubenville ...Ohio
Dayton .....Ohio	Massillon .....Ohio	Toledo .....Ohio
Ellwood City....Pa.	New Albany....Ind.	Wheeling ....W. Va.
Evansville .....Ind.	New Comerstown	Zanesville .....Ohio
Hamilton .....Ohio	..... Ohio	

and points taking the same rates or arbitraries higher as named in the tariffs carrying these rates. The groups of destination are shown in the items of the table and in the footnotes to the individual items. From C. F. A. Territory to a number of the groups the rates are made by a combination of the local rates to and from the Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima. From C. F. A. Territory to other groups the rates are usually certain differentials under the all-rail rates, subject in some cases to the combination of local rates to and from Lake Erie ports and the rail-and-lake rates from Baltimore, Md., as maxima.

TABLE 39

BASIS FOR RATES VIA RAIL AND LAKE AND VIA RAIL, LAKE, AND RAIL FROM C. F. A. TERRITORY TO LAKE HURON, LAKE MICHIGAN, AND LAKE SUPERIOR PORTS, ST. PAUL, AND POINTS
TAKING THE SAME RATES ¹

ITEM		DIFFERENTIALS IN CENTS PER 100 POUNDS						REMARKS
		Classes						
		1	2	3	4	5	6	
1	Alpena (Au Sable, Oscada, Harrisville, and Alpena, Mich.)	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., to Sault Ste. Marie, Mich., as maxima
2	Bay City (Bay City, Saginaw, La Peer, and Flint, Mich.)	3	3	3	2	1	1	Less than all-rail rates

¹ The groups of C. F. A. Territory are shown on page 133.

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TABLE 39—CONTINUED

ITEM		DIFFERENTIALS IN CENTS PER 100 POUNDS						REMARKS
		Classes						
		1	2	3	4	5	6	
3	Cheboygan (Mich.) ²	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima
4	Detroit (Detroit and Sugar Island Park, Mich.)	3	3	3	2	1	1	Less than all-rail rates
5	Duluth (Minn.) ³	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima
6	Gladstone (Mich.)	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima
7	Harbor Beach (Lexington, Port Sanilac, Forester, Harbor Beach, and Port Hope, Mich.)	3	3	3	2	1	1	Less than all-rail rates, subject to combination of local rates to and from Lake Erie ports and rail-and-lake rates from Baltimore, Md., as maxima

² Glen Haven, Glen Arbor, South Manitou, North Manitou, Leland, Northport, Omena, Suttons Bay, Traverse Bay, Elk Rapids, Old Mission, Norwood, Charlevoix, Ironston, South Arm, East Jordan, Boyne City, Petoskey, Harbor Springs, St. James, St. Ignace, Rogers City, Cheboygan, and Mackinac Island, Mich., except that when via the C. & D. Tr. Co., St. Ignace and Mackinac Island, Mich., take Sault Ste. Marie rates.

³ Duluth and Superior, Wis., points on shore of Lake Superior from Superior, Wis., to but not including Ashland, Wis., territory, lying north of line of the C. & N. W. Ry., Ashland to Saxon, Wis.; thence territory north of the line of the D. S. S. & A. Ry., Saxon, Wis., to Marquette, Mich.; thence all points on shore of Lake Superior to but not including Sault Ste. Marie, Mich., also Sault Ste. Marie, Ft. Williams, and Port Arthur, Ontario.

TABLE 39—CONTINUED

ITEM		DIFFERENTIALS IN CENTS PER 100 LBS.						REMARKS
		Classes						
		1	2	3	4	5	6	
8	Port Huron (Marine City, St. Clair, Port Huron, Sarnia, and South Port Huron, Mich.)	..	..	..	..	..	..	All-rail rates, subject to rail-and-lake rates to Bay City, Mich., as maxima
9	St. Paul (Minn.) ⁴	10	10	10	5	5	5	Less than all-rail rates
10	Sault Ste. Marie (Mich.) ⁵	..	..	..	..	..	..	Combination of local rates to and from Lake Erie ports, observing the rail-and-lake rates from Baltimore, Md., as maxima

⁴ East of the Mississippi River, Minneapolis, Minn., to La Crosse, Wis., including South St. Paul, Red Wing, St. Louis Park, Hopkins, and Winona, Minn.; thence on and north of the line of the C. M. & St. P. Ry., through Portage, Wis., to Madison, Wis.; thence via an imaginary line to Schleisigerville, Wis.; thence on and west of the line of the M. St. P. & S. S. M. Ry., to Fond du Lac, Wis.; thence on, north, and west of the line of the C. & N. W. Ry., through Sheboygan, Wis., to Manitowoc, Wis.; thence on and south of the line of the St. P. & S. S. M. Ry., to Menasha, Wis.; thence on and west of the line of the C. & N. W. Ry. to Green Bay, Wis.; including stations Green Bay to Kewaunee, Wis., on the R. G. B. & W. R. R.; thence on and west of the west shore of Green Bay and north bank of the Menominee River to Menominee, Mich.; thence on, west, and north of the line of the C. & N. W. to Narenta, Mich.; thence north of an imaginary line to Larch, Mich. (M. St. P. & S. S. M. Ry.), including stations west thereof on the M. St. P. & S. S. M. Ry.; thence via an imaginary line to a point west of Aleto, Mich., on the C. & N. W. Ry.; thence on and west of the line of the C. & N. W. Ry. to Ashland, Wis.; and thence south of the shore of Lake Superior to the city limits of Superior, Wis.; thence south of the corporation boundaries of Superior, Wis., to a point whence an imaginary line drawn westward to Cloquet, Minn., will include Summit, Minn., on the Northern Pacific Ry.; thence on and east of the line of the Northern Pacific Ry.; to Minneapolis, Minn., the point of beginning.

⁵ Stations on the M. St. P. & S. S. M. Ry., Masonville to Sault Ste. Marie, Mich.; Detour, Mich., via the Arnold Transit Co.; Mackinac Island and St. Ignace, Mich., via the C. & D. Tr. Co.

The rates presented in Table 39 are fixed via the shorter or more direct routes but apply also via the longer or

more circuitous routes. The lines that comprise the shorter or more direct routes from and to some groups are the longer and more circuitous routes from and to other groups, and the fourth section of the Act to Regulate Commerce is violated in many cases via the circuitous routes.

(3) *Ocean-and-Rail Rates.*—In addition to the all-rail and rail-and-lake rates established from New York and New England, which have been explained, there are also rates applying via ocean-and-rail routes from New York via New England ports to western points, and also from Boston and Providence via water through Baltimore and the Virginia ports. These rates are established on stated differentials under the standard all-rail rates, but during the period of lake navigation, they are in some instances the same as the rail-and-lake rates.

(4) *Ocean-Rail-and-Lake Rates.*—Certain traffic is carried from New York via ocean-rail-and-lake routes. The principal route of this character is from New York via Long Island Sound to New London, thence via rail to Georgian Bay, and thence via lake. The scale of rates via this route from New York to Chicago is shown in Table 1 and is established on a stated differential lower than the rates of the standard rail-and-lake routes.

(5) *River-Canal-and-Lake Rates.*—There are also rates applying via the Hudson River, the Erie Canal, and the Great Lakes from New York to western points. The scale of rates from New York to Chicago via the river-canal-and-lake route is shown in Table 1 of this treatise. It is on a 42-cent scale, or a 33-cent scale of differentials under the all-rail rates or a 10-cent scale of differentials under the ocean-rail-and-lake rates or a 20-cent scale of differentials under the ocean-and-rail or the rail-and-lake rates.

2. EASTBOUND RATES

(1) *Rates via Rail and Lake and via Rail, Lake, and Rail.*—From percentage points¹ to Trunk Line, New England, and Canadian freight association territories and to the Western Termini the rail-and-lake rates are the same as the rail-lake-and-rail rates. These rates from Chicago to New York are shown in Table 1 of this treatise. The scale of rates is a 63-cent scale, or a 12-cent scale of differentials under the all-rail rates. This scale of differentials for rail-and-lake shipments eastbound is a 12-cent scale, while the differentials for westbound rail-and-lake shipments is a 13-cent scale.

(2) *Rail-and-Ocean Rates.*—The basis for rates via rail and ocean from C. F. A. points to North Atlantic seaports and interior eastern points is set forth in Table 40. The ocean-and-rail rates eastbound apply via two distinct groups of points, namely, (1) Baltimore and Philadelphia and (2) the Virginia ports, including Norfolk and Newport News. The rail-and-ocean rates via Baltimore and Philadelphia cannot, of course, apply to points taking the Baltimore and Philadelphia rates. To New York and the New England ports specified and points taking the same rates, the rates are the differentials under the all-rail rates shown in item 1 of the table. The rates through the Virginia ports are the arbitraries under the all-rail rates shown in item 2 of the table. However, the rates from points of origin, except the 117 per cent group, to Baltimore via all rail are the minima for through rates to the eastern ports and points taking the same rates. The rates through the Virginia ports apply via

¹ Map 4.

140 FREIGHT RATES—OFFICIAL TERRITORY

the ocean to Philadelphia, Baltimore, New York, and New England ports. However, the all-rail rates to Baltimore being uniformly 3 cents, and those to Philadelphia 2 cents, under the New York rates, the differentials under the all-rail rates to New York and Philadelphia are less than to Boston and other New England ports. The differentials via rail and ocean to New York are 3 cents for the first four classes and 2 cents for Classes 5 and 6. The differentials to Philadelphia are 1 cent under the all-rail rates.

TABLE 40

BASIS FOR RATES VIA RAIL AND OCEAN FROM CENTRAL FREIGHT ASSOCIATION POINTS TO NORTH ATLANTIC SEABOARD PORTS AND INTERIOR EASTERN POINTS

ITEM	TO POINTS SPECIFIED IN ITEMS	FROM PERCENT- AGE POINTS	DIFFERENTIALS IN CENTS PER 100 POUNDS						REMARKS
			Classes						
			1	2	3	4	5	6	
1	To Boston ¹ and Fall River, Mass., Prov- idence, R. I., and New York via Bal- timore and Phila- delphia	60-76	3	2½	2	1½	1	1	Under all-rail rates
		77-110	8	6	4	3	2	2	Under all-rail rates ²
2	To all points speci- fied in the heading of the table via Virginia ports	60-119	8	6	4	3	2	2	Under all-rail rates ²

The differentials on cotton and leaf tobacco are 2 cents per 100 pounds under the all-rail rates. On a commodity rate which is the same as a standard class rate between

¹ But not to Boston via Fall River or Providence.

² But not less than rates established from 76 per cent points.

³ The rates to Baltimore via all rail are the minima for through rates, except from St. Louis and other 117 per cent points. From the St. Louis group the Baltimore rates are not the minima.

the same points the authorized class differential for that class applies on the commodity. On a commodity rate not the same as a standard class rate between the same points the differential is that of the class which the commodity rate most nearly approximates. When a regularly authorized commodity rate as nearly approximates one class as another the differential for the next higher class applies. Eastbound rates on certain commodities are established on a basis not in accordance with the general basis outlined above.

To some interior eastern points the rates are the same as apply to the ports, but to others the rates are arbitraries over the port rates. The rail-and-ocean rates that have been described above are established via the shorter or more direct routes but apply also via the longer or more circuitous routes; and in the observance of such adjustments via the circuitous routes, the fourth section of the Act to Regulate Commerce is violated.

From points in C. F. A. Territory taking 60 to 76 per cent of the rates applying from Chicago to New York to the South Atlantic ports via rail to the North Atlantic ports, and thence via ocean to Brunswick and Savannah, Ga., Charleston and Georgetown, S. C., Jacksonville, Fla., and Wilmington, N. C., the rates are made with relation to the rates published from Buffalo and other Western Termini. From points in C. F. A. Territory taking higher than 76 per cent of the rates from Chicago to New York to South Atlantic ports via North Atlantic ports and ocean, the proportional rates applying from points of origin to New York, Philadelphia, and Baltimore are the full local rates from points of origin to those ports. The through rates are the sums of the local rates to the ports plus the rates charged by the ocean steamers.

Rail-and-water competition has been a most potent factor in adjusting the rates between Chicago and New York. The all-water route through the Hudson River, the Erie Canal, and the Great Lakes between New York and Chicago was at one time a route in powerful competition with the all-rail carriers. Later the combination of water-and-rail carriers have been more potent competitors of the all-rail lines than the all-water route mentioned above. There is also the all-water route through the St. Lawrence River and the Great Lakes, over which some traffic in exports and imports still moves which would otherwise go overland through New York or other Atlantic ports. With all of the various combinations of water-and-rail routes the all-rail routes have met doughty competitors. This strong competition has forced a remarkably low basis for rates between Chicago and New York. These low rates have been extended to the territory of the entire New York-Chicago rate system, and the shippers between all points in the New York-Chicago territory have been placed in a very advantageous position in the matter of cheap freight rates. Distance has been the chief factor in constructing these rates, although competition has played a very important part and has modified the basis to a considerable extent. Between points east of the Western Termini on the one hand, and points west of these points as far as the Mississippi River on the other, the rates are lower than for any area of similar extent in the United States. This is especially significant because of the extraordinarily large movement of freight in this territory.

CHAPTER VI

DEVELOPMENT OF THE NEW YORK-CHICAGO RATE SYSTEM

The exposition that has thus far been given of the New York-Chicago Rate System explains only how rates are now computed by the use of the percentages applicable to the percentage belts. It remains to explain how these percentage belts themselves were determined and to give a brief history of the development of the system. The percentage plan of making rates in this territory is said to have been proposed in 1876 by a rate clerk named MacGraham in the offices of the Pennsylvania Railroad. Although the credit for the introduction of the New York-Chicago rate system has been ascribed to Mr. MacGraham, and although this system has been called the MacGraham System, it is probable that the percentages were first applied in certain instances only, and that later the general application was made.

The records of the Trunk Line Association office indicate that the MacGraham table of percentages for determining westbound rates was first applied by the Trunk Lines on September 15, 1871. At this time the percentage prescribed for constructing Peoria rates was 112 per cent of the New York-Chicago rate. This percentage was applied to articles which were assigned a special rate, such as sugar, coffee, and molasses.

While percentages were also at the same time pre-

scribed for constructing the St. Louis rate, it is not clear that these percentages applied generally, as the rate cannot be computed on that basis. But as far back as 1870, the percentage basis was applied when commodity rates existed to a greater or less degree, the general scheme being varied from, to determine particular rates to particular places, such as St. Louis and Cincinnati.

It is well known that since 1877 a percentage scale, either the MacGraham table or a revision thereof, was generally applied to westbound class rates, and also to any commodities which may have been established.

However, Mr. MacGraham should be given credit for making the general application of the percentage scheme, which has proved the most satisfactory and stable interstate rate system in the United States, and under which, perhaps, more than half the freight of the United States and Canada moves either in part or throughout its entire route.

The causes leading to the adoption of a systematic rate system by the trunk lines about 1876, are worthy of the consideration of all serious students of rate-making. Between 1874 and 1876, there were only four through lines between Chicago and the Atlantic Seaboard. During this period, most disastrous rate wars occurred between these lines. The largest item of traffic was grain, eastbound. As late as 1882, 73 per cent of the trunk-line tonnage eastbound consisted of grain and grain products. The larger part of this grain traffic was gathered up along the lines east of the Mississippi River. The large elevator centers had not arisen, and the states of Illinois, Indiana, and Ohio were at this time served by a number of small cross lines which gathered up the grain and delivered it to one of the trunk lines or to a lake line for

eastern shipment. Rail rates were still high in comparison with the present rates. They were, on an average, roughly twice the average rate at the present time. Moreover, the conditions of railway operation not having at that time attained the present state of efficiency, water competition was a matter for more concern than at present. Professor William Z. Ripley has well expressed some of the conditions of competition that indicate the gravity of the rate problem at that time in the following two paragraphs.

Among these confusing elements in the problem of trunk line rate adjustment five distinct phases were prominent. In the first place the four trunk lines were a unit in opposition to the diversion of traffic to the Great Lakes and the Erie Canal. However much they might bicker with one another afterwards, apportionment of the rail business being a distinct feature of the problem, their interests at the outset were identical respecting the necessity of holding the business on land. Water competition by way of the lakes or the Ohio River was a danger common to them all. The intensity of this pressure may be understood from the statement that the trunk lines were not even consulted in making the Chicago-New York rate on which the western lines prorated. They had no voice in it, merely accepting the figure offered them by their connections into Chicago. The second feature of the problem, namely the division of the all-rail traffic among the competing carriers is immaterial to the main question before us. Thirdly, it was essential to the trunk lines to restrict and control the activities of the subsidiary cross lines and feeders, most of which, as has been said, were independent. Many of these, aside from having a direct interest in their longest haul to a terminus on the lakes or the Ohio River, had been built by local capital, and were administered in the interest of the lake cities or Cincinnati and Louisville. There was no unity whatever in their policies, and the most ridiculous wastes of transportation resulted. Grain was literally meandering toward the east instead of moving by a direct route. Joint through rates would be made by the

most extraordinary chain of connecting links leading to the seaboard by various circuitous ways.

A fourth evil, akin to this, consisted of the difficulty of maintaining through rates, not as among the trunk lines who might be made parties to a pool, but by reason of cutthroat competition between their western connections. The agents of these western lines would indiscriminately cut rates to or from points on their lines, and then expect their trunk line connections to accept a proportionate shrinkage of the joint through rate for their part of the haul. The weaker companies would, of course, be susceptible to such temptations in order to secure the business. No stable apportionment of this western traffic among the eastern lines would be possible until they could agree upon a fair rate for the trunk line haul, and rigidly adhere to it. And, finally, water competition, causing constant fluctuations in the lake and Ohio River rates, while directly potent only at water-way points, was continually putting the through rates from these points out of line with the local rates from noncompetitive inland centers. Or, perhaps, the Ohio river and lake rates would be out of joint with one another. The Chicago basis, if applied to Paducah, would make a rate on tobacco that would send it via New Orleans. Products would go down the Mississippi after the lakes had been closed by ice. A considerable amount of corn was certainly moved to New York by that route. Some device for coordination of the through and local rates—or, as one might put it, for the distribution of the localized shock of water-rate changes—was imperatively necessary.

The system as first adopted in 1876 made the New York-Chicago rates the basis for other rates between the Atlantic Seaboard and the central west. Points in Central Freight Association Territory took the percentage of the New York-Chicago rates that distance from New York determined. A point 60 per cent of the New York-Chicago distance from New York, for example, took 60 per cent of the New York-Chicago rates.

In 1879, however, the system was modified so as to al-

low for terminal charges before computing the percentage of the New York-Chicago rates. The general method of the modified system, which is the system still in effect, may be illustrated by a statement of its application to any point. Springfield, Ohio, for example, for eastbound rates is in the 82 per cent group (Map 4). Xenia is the base point for that group. Its distance to New York at the time this system was established was 700 miles. A rate of 25 cents was assumed as an average rate for all classes and commodities between New York and Chicago. Six cents was then deducted for the terminal charges at both ends of the haul. The remaining 19 cents represented the assumed charge for the haul exclusive of any service at the terminals. This rate of 19 cents being divided by the New York-Chicago distance of 920 miles gave 2.06 mills as the charge per ton-mile between New York and Chicago; and this rate per mile was used as the factor for establishing an assumed rate from any particular junction or competitive point on the basis of its mileage to New York. The charge of 2.06 mills per ton-mile, above referred to, multiplied by 700, the distance from Xenia, Ohio, to New York gives 14.42 cents; and if to this we add the 6 cents representing the terminal expenses at both ends of the movement, we get 20.42 cents as an assumed rate from Xenia to New York. This 20.42 cents is 81.7 per cent of the assumed rate of 25 cents from Chicago to New York; and under the application of the general rule for the disposition of fractions resulting from such computation, a fraction of one-half of a per cent or more is considered a full per cent. A percentage of 82 is thus arrived at as the basis for constructing rates from that group, and the rates from Springfield to New

York are, therefore, 82 per cent of the rates from Chicago to New York.

This was the system as revised in 1879. There was an understanding among the carriers not to cut the rates at competitive points below the established basis. There was no agreement that rates should not be made more than those established as minima. However, competition and the fourth section of the Act to Regulate Commerce have caused the percentages to be applied as both maximum and minimum rates.

A glance at Maps 3 and 4 will show the irregularities of the percentage belts. For example, the 87 per cent belt for eastbound rates shows territory around Charleston, W. Va., as a slender high-heeled shoe, whereas the westbound map shows territory around Charleston in 87 per cent territory in a very different shape. Lexington and Winchester, Ky., are shown in a small strip as 100 per cent territory for eastbound rates on Map 4. No such application is made to these points on the westbound Map 3. On the eastbound rates, Vincennes, Ind., takes 103 per cent territory and on westbound shipments, 108 per cent. Evansville, Ind., takes 105 per cent on eastbound shipments, and 110 per cent on westbound shipments. The southern part of the 110 per cent belt for eastbound rates is in the form of a sharp point, whereas for westbound rates, it spreads to the east in enlarged form. On westbound rates the percentage is higher for a considerable belt north and east of Evansville. The rates vary, not only for eastbound and westbound movements, but the belts themselves for both the eastbound and the westbound rates are irregular, as may be seen by a glance at Maps 3 and 4.

Several factors have tended to make the territories

quite irregular, but competition between rival carriers and between commercial centers has been the chief cause.

(1) The system, as first applied, affected common points only, that is, points at which more than one east-and-west route competed for the business. Competition between the carriers tended to extend the belts to the westward at important junction points. An inspection of Maps 3 and 4 will show that usually the large centers such as Fort Wayne, Indianapolis, Louisville, Evansville, Peoria, etc., are located either on the extreme western borders of the percentage groups or very near them.

(2) Another disturbing factor has been the north-and-south lines. The Monon Route (Chicago, Indianapolis & Louisville Railway), for example, originally lay across the 96, 97, and 100 per cent groups. If this line carried business to and from the east, points on the line must be in the same belt; otherwise, there would be a violation of the fourth section of the Act to Regulate Commerce. Hence, the demand was made that points on its lines be accorded the 100 per cent group. Other lines have made the same complaint, and similar changes have been made. This factor of the cross-line influence has been very potent in affecting the grouping.

(3) The third important factor, affecting the grouping so as to modify a symmetrical arrangement, is that of commercial competition of the cities and manufacturing and distributing centers. A number of changes from the original grouping have been made on this account. Hundreds of requests have been filed with the railways and freight committees for changes in the grouping of commercial centers, and minor changes are continually being made. For example, Grand Rapids, Mich., and Saginaw, Mich., were once in the 100 per cent territory. Grand

Rapids is now accorded 96 per cent territory, and Saginaw 92 per cent. Shifts in both directions have sometimes occurred. New roads have been built and new and shorter routes established since the percentages of the original groups were assigned. Newly developed traffic and other conditions have also been considered and from time to time have led to alterations in the percentages of certain points. The effect of these influences on the form and boundaries of the percentage zones is not without significance. Changes are continually being made for commercial considerations. A factory of one center wishes to be on an equality with the factory of another, or the dealers of one center wish to be placed on an equality with those of another. New factories are being erected and new distributing industries built up from time to time. In the large, however, the percentage system has been adhered to rather closely.

No group rates in the United States have been subjected to less change or criticism than the New York-Chicago Percentage System. In the Saginaw case¹ an attack was made before the Interstate Commerce Commission on the assignment of a percentage to a certain group. The complainants did not criticize the reasonableness of the rates in and of themselves. The claim was that the rate to Saginaw, Mich., and group points (Maps 3 and 4) were too high in comparison with rates to other groups, more especially to the 78 per cent group including Toledo, Detroit, and Port Huron. The Saginaw Valley group takes 92 per cent of the New York-Chicago rates, while Detroit, Toledo, and Port Huron are in the 78 per cent group. The complaint was that the jobbers

¹ 17 I. C. C. Rep., 128-38.

out of the 78 per cent group could supply the retail dealers in territory that should be contributory to Saginaw at less cost than could the Saginaw dealers. The percentage of the Saginaw and Flint group was arrived at originally on the basis of the mileage by the Pere Marquette Railroad from Flint to Toledo and thence by the Pennsylvania Lines to New York. This haul, in 1892, when the rates were adjusted to this group, was a distance of 828 miles, and on the formula of distance rates between New York and Chicago, Flint was given the 92 per cent basis. This percentage was extended to Saginaw, which is even further from New York than Flint. At that time, the Grand Trunk Route through Port Huron to Saginaw was 823 miles from New York, which would give Saginaw practically the same percentage belt. Later, however, the Grand Trunk reduced its distance from Port Huron to Buffalo from 229 to 196 miles. The complainants made the plea that since the present short mile distance between Saginaw and New York through the Port Huron gateway was only 731 miles, that Saginaw should be placed in 84 per cent territory according to the New York-Chicago percentage basis. The Commission, however, made the point that since Saginaw was off the main route of heavy traffic between New York and Chicago, the reason for according Saginaw its short line percentage was not so valid as for allowing Detroit and Toledo the advantage of their location on both the lake and the rail routes between the east and the west. There is little through traffic to and from the west through Saginaw. The Commission states that the upper part of the peninsula of Michigan, not being a heavy traffic district, should not be placed on the same basis as such gateways as Detroit and Toledo; that, if the rates were reduced to the

Saginaw Valley, the rates would necessarily have to be adjusted to other points in the sparsely settled upper part of the peninsula; and that these rates would apply via the longer routes south of the lakes as well as via the shorter routes through Port Huron. The latter condition would cause violations of the fourth section of the Act to Regulate Commerce. For these reasons the Commission was of the opinion that the Saginaw rates were not discriminatory.

In the decision of the Saginaw Case the Commission made the following comment on the New York-Chicago Rate System:

While it is not always a simple matter when examining a map of the percentage group territory to understand and at once comprehend the causes that have produced zones or groups of such irregular outline, nevertheless, a careful study of particular groups, and some knowledge of the transportation conditions that surround and effect them, have given us the general impression that their boundaries have been established upon substantial and presumably sound grounds. The fact that no group rates in this country have been subjected to less criticism than the rates to and from the percentage-basis territory and the Atlantic coast is some evidence of the care with which the system has been developed. So far as a cursory examination of the records of the Commission has disclosed, there have been, until this petition was filed, but three other formal proceedings since the organization of the Commission in 1887, in which complaint was made of the percentage assigned to a particular group.²

In contrast with the decision of the Commission in the Saginaw Case stands its opinion in the Mississippi River Case.³ In the Saginaw Case the Commission approved the

² 17 I. C. C. Rep., 132.

³ 28 I. C. C. Rep., 47-63.

grouping of the territory complained of. In the Mississippi River Case the Commission declared the rates unreasonable and discriminatory between points east of the Illinois-Indiana State Line on the one hand and Upper Mississippi River Crossings on the other. The discrimination was declared to be in favor of the Lower Mississippi River Crossings (St. Louis, Mo., to Quincy, Ill., inclusive). The upper crossings are those from Keokuk to Dubuque, Iowa, inclusive. The Commission ordered the reduction of the rates between points east of the Western Termini on the one hand and the Upper Mississippi River Crossings on the other from a 97-cent scale to a 90-cent scale. This places the Upper Mississippi River Crossings on a 120 per cent basis for both eastbound and westbound rates for local business at the crossings, and for business through the crossings between points in Iowa and certain other points on the one hand and points east of the Western Termini on the other. The adjustment as prescribed by the Commission is still in favor of the lower crossings by 3 per cent. That is, between the lower crossings and eastern points the rates are on the 117 per cent basis, while between the upper crossings and eastern points, they are on a 120 per cent basis. However, between eastern points and points lying west of the Missouri River not taking the Missouri River rates on traffic passing through the Mississippi River Crossings (St. Louis to Dubuque, inclusive), the rates are on the St. Louis basis of a 117 per cent of the New York-Chicago rates. The important point in the decision in connection with the grouping of territory into percentage groups is that the Commission decided that the disparity between the traffic conditions at the upper crossings and those at the lower crossings had decreased, and that the

increased traffic through the upper crossings should be followed by a reduction in the rates between those crossings and eastern points. The Commission here made the most radical modification of the percentage system that it had made prior to the date on which it was rendered. The decision is so replete with matters of import in rate adjustments and especially in points concerning the percentage basis that it is quoted below almost in full.⁴

For many years the communities on the Mississippi River between Dubuque on the north and St. Louis on the south have been divided into two groups known as the upper and lower crossings. Disregarding one or two small points having no importance in this inquiry, the upper crossings for our purposes here may be said to include Keokuk, Fort Madison, Burlington, Muscatine, Davenport, Clinton, and Dubuque, all of which are in the state of Iowa. There is no bridge at Muscatine, but it is on the west bank of the river and takes the upper crossings rates. The lower crossings are St. Louis, Louisiana, and Hannibal, in the state of Missouri, and Quincy, the latter being on the east bank of the river, in the state of Illinois.

The complaint was brought in behalf of the upper crossings on the west bank of the river. They demand a parity of rates with St. Louis on all traffic coming from or moving to points east of the boundary line between the states of Illinois and Indiana. The general allegation is that the rates of the upper crossings, both westbound and eastbound, are in themselves excessive and unreasonable, and are also discriminatory when compared with the more favorable rates enjoyed by the lower crossings. After the first hearing was had, intervening petitions

⁴ At the time when this treatise was published, no tariffs had been issued by the carriers to carry out the provisions of this decision, and it seemed quite likely that the case might be re-opened for further consideration. We have, therefore, shown the long established percentage groups up to 122% in the various tables and explanations. It is quite probable that, even if the case is further considered, the essential parts of the decision will stand.

were filed by certain commercial organizations at Keokuk, Fort Madison, Muscatine, Davenport, and Dubuque. While these petitions in terms adopt the allegations of the complaint and therefore question the reasonableness of the rates, they also set up the specific allegation of a discrimination in rates against the upper crossings in that they are required to pay a bridge arbitrary on-inbound traffic from the east, while the lower crossings pay no such arbitrary, either on inbound traffic from the east or on outbound traffic to the west, and at the same time have the advantage of the same distributing rates to the west that are available to the upper crossings.

From this statement of the issues it will be seen that these cases bring before us questions of the first importance. This is true not only because of the large traffic moving under the present rate adjustments, but because the adjustments have been in effect for many years and any change in them at this time will necessarily be followed by more or less serious disturbances in traffic and commercial conditions in that territory. As this particular complaint of the river towns opens up a contest between the upper and the lower crossings, an understanding of the geographic relation of all the crossings to one another and to eastern territory is therefore the first matter to engage our attention. . . .

The average distance of the four lower crossings is 1,114 miles, while the average distance from New York City to the seven upper crossings is 1,098 miles. It should be said, however, that the great bulk of the traffic to the lower crossings is destined to St. Louis, which is 1,065 miles from New York City. The traffic to the upper crossings is more or less equally distributed, Muscatine and Fort Madison being relatively less important.

The west bank of the Mississippi River is the west boundary of what is called the percentage zone territory, and all the crossings, both upper and lower, are under the percentage basis of rates with respect to traffic to and from points east of Buffalo and Pittsburgh. . . .

In the sense here intended St. Louis was not put into the percentage basis territory until 1908. Prior to that time the western boundary of the territory was on the east bank of the river at that point. East St. Louis was then in the 166-per-cent

zone, and the rates to St. Louis were made by surcharging the East St. Louis rates with a bridge arbitrary on a 1-cent scale; but the toll taken out of the rates for the bridge service was on a 3-cent scale. As the result of negotiations between the merchants of St. Louis and the eastern lines, East St. Louis and certain adjacent towns in Illinois were grouped on January 2, 1908 with St. Louis, and all were erected into a new zone taking 117 per cent of the Chicago rates. In this way and at that time St. Louis was first made a definite rate point in that its rates were no longer based on the East St. Louis rates; it was then given its own class rates from New York on the 88-cent scale. These rates, it will be observed, take the traffic across the river with no additional charge in the way of a bridge toll. In the readjustment East St. Louis lost the advantage of being a 116-per-cent point, its class rates from New York being increased from the 87-cent to the 88-cent scale. The same class rates were extended to the remaining lower crossings at Louisiana, Hannibal, and Quincy; but we need not follow the details of the development of the rates at those crossings further than to state that the Burlington forced the situation and assigned the requirements of the fourth section as the explanation.

The history of the rates from New York to the upper crossings is also explained of record. Prior to 1889 the class rates to those crossings seem to have been adjusted on the basis of 125 per cent of the Chicago rates plus a bridge arbitrary of 5 cents. At that time Keokuk was the terminus of one of the branch lines of the Wabash; and this company, during that year and while under a receivership, reduced the rates to a basis of 122 per cent of the Chicago rates, adding a bridge arbitrary. This action was promptly met by the Toledo, Peoria & Western; and the other western lines were soon compelled to adopt the same basis in order that the jobbers at their crossings might be on a rate parity with Keokuk for merchandising into the interior of Iowa. Davenport on the west bank had theretofore been grouped with Moline and Rock Island on the east bank, with respect to traffic to the interior of Iowa and points beyond, and in the readjustment these two points on the east bank were given the lower class rates, with the bridge toll added, and thus were kept on a parity with Davenport.

Rates constructed on the basis of 122 per cent of the Chicago rates would give the upper crossings a 92-cent scale of class rates from New York City; and as a matter of fact the 92-cent scale is published in the tariffs of the carriers as the rates to points in the 122-per-cent zone. Those rates, however, do not take the traffic across the river, as is the case with the 88-cent scale at the lower crossings. They do not, in fact, take the traffic even to the west bank of the river. A toll is added to effect that result. The zone which embraces the Iowa crossings on the west bank of the river is shown on the percentage map not as a 122-per-cent zone, but as "122 per cent, plus." The "plus" refers to the bridge arbitraries, which, under a tariff note, must be added to the 122 per cent, or 92-cent scale of rates in order to make the rates for that zone. These arbitraries are as follows:

Classes.....	1	2	3	4	5	6
Bridge tolls.....	5	5	5	4	3	2

In this manner the present class rates to the upper crossings, and to all other points in the so-called "122 per-cent-plus" zone, are actually made on a 97-cent scale and not on the 92-cent scale. Although expressly published as such, the western lines out of Chicago assert that these arbitraries can not properly be considered as bridge tolls, not being added to the 92-cent scale as compensation to the western lines for handling the traffic across the bridges spanning the Mississippi River, but simply to make a basis for the difference between the rates to those crossings and the rates to the lower crossings. Although published as separate charges to be added to the 92-cent scale of rates, this is done, as the carriers say, merely because the aggregate charges thus constructed are not made or joined in by the eastern lines. This view of the matter is supported by the fact that the so-called "122-per-cent-plus" zone reaches well back into Illinois and fixes the rates on the traffic of points in that state upon which no bridge service is performed at all.

But whatever may have been the reason for so publishing the rates, a comparison of the aggregate charges on class traffic to the upper crossings with the class rates to the lower crossings shows a rate advantage in favor of the latter as follows, taking New York City as typical of the whole Atlantic seaboard:

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Classes	1	2	3	4	5	6
Upper crossings	97	84	66	47	40	33
Lower crossings	88	76	59	41	35	29
Difference	9	8	7	6	5	4

These discriminations against them, the upper crossings contend, are too great a burden to carry and make their freight charges both unreasonable and unduly discriminatory; and they offered much evidence in support of their prayer for a parity of rates with the lower crossings. While Quincy has not grown, perhaps, as rapidly as some of the upper crossings, the complainants point to the general prosperity of St. Louis and Hannibal under their more favorable rate adjustment. There is also testimony of record tending to show that the Iowa cities have met with difficulties in their effort to secure the location of new industries at the several crossings, and that in some instances they have found it difficult even to retain the industries that are now established there. Indeed, mention is made of a number of companies that have removed from Keokuk and other river points in Iowa to locate elsewhere because of the discrimination against them in the rates. Advertisements were introduced of record in which Quincy and St. Louis, in their efforts to secure new industries, have set forth their claims from a rate standpoint as compared with the upper crossings. The complainants speak of this as a "cold-blooded" way of taking advantage of an improper rate adjustment. As a matter of fact, Quincy is reached by no eastern carrier and has a two-line haul. Its distance from New York exceeds that of any other of these crossings except Louisiana, which is also a lower crossing reached only by western lines but nevertheless enjoying St. Louis rates. Moreover, Quincy is only 31 miles south of Keokuk, a fact that is emphasized by the complainants as indicating the manifest injustice of the difference in the rates enjoyed by the two communities. If there is any dissimilarity in conditions, as between Quincy and Keokuk or the other Iowa crossings, the complainants strongly assert that the difference is in favor of the Iowa towns.

On behalf of Keokuk a mass of exhibits and some testimony were presented. The water power in process of development there involves an expenditure of \$25,000,000 and will produce about

200,000 horsepower. Although Keokuk's location on the river and this large power at its door give promise of a great city, its citizens feel that the present handicap in freight rates is such as to make it impossible to attract new industries there, the advantage of cheap power being more than offset by the disadvantage in the rates. Keokuk is therefore demanding with great earnestness the same basis of rates that is now available to its neighbors at the lower crossings, and particularly at Quincy, only a few miles distant. The advantages of the water power of Keokuk, of its geographic location, and of its shorter mileage are all destroyed, it is contended, by the present unnatural rate adjustment.

The other upper crossings are asking no less earnestly for a rate parity with the lower crossings; and in support of their contentions several arguments are advanced. Their first proposition rests on the fact that the Missouri River crossings are grouped with respect to traffic from the east, while the Mississippi River crossings, although approximately covering the same extent of territory from north to south and with approximately the same differences in mileage from the east, are not so grouped. As a matter of fact, from New York the extreme difference in distance as between all the Mississippi River crossings is less than the extreme difference in distance as between the Missouri River crossings. Another point urged with some vigor is the fact that, with respect to traffic originating at or destined to the Pacific coast, Spokane, Utah common points, Oklahoma common points, and points in Colorado, Nebraska, and Kansas, or, in other words, substantially all the great territory west of the Missouri River, the upper crossings are grouped with St. Louis in disregard of any differences in mileage, which as to some points favor St. Louis, but in many, if not in most, cases favor the upper crossings.

The charge of unjust discrimination against the Iowa crossings and the resulting undue preference of St. Louis and the lower crossings is supported by much testimony; it is the main feature of the controversy and demands careful attention. To use the language of counsel for complainants, the present rate

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adjustment in favor of St. Louis on traffic originating in the east—

creates a combination of rates in every instance against the Iowa cities * * * to any point west of the Missouri River. This all tends to circumscribe the business activities of the Iowa cities, and when they are able to compete with Quincy and St. Louis it is because of special ability or some other factor so superior to that possessed by the merchants of the Missouri cities as to effectually offset the constant handicap in freight rates.

This discrimination is not justified, as the complainants assert, by any differences in circumstances or conditions affecting transportation. The nature of the routes, the prosperity of the various carriers, the density of their traffic and other transportation conditions are discussed of record, and the complainants contend that there is nothing in these matters that makes against their demand. Many exhibits were offered in behalf of the Iowa cities, the result of which is a demonstration of the fact claimed, namely, that to this great western territory the combination of inbound and outbound rates favors the lower crossings as against the Iowa crossings by substantial amounts. A single example of this will suffice to illustrate the general situation. The first-class rate under the official classification from New York to St. Louis is 88 cents and to Keokuk 97 cents. The first-class rate from all the crossings to Lincoln, in the state of Nebraska, is 65 cents. The aggregate charge to the jobber at Keokuk is therefore \$1.62, while the aggregate charge to the jobber at St. Louis is \$1.53, with no great difference in mileage. A part of this discrimination, as is said, lies in the bridge toll added on inbound traffic at the upper crossings, the inbound traffic of the lower crossings not being so burdened. The traffic even of Quincy, which is on the east bank and, as stated, is also a lower crossing, when moving outbound on merchandising rates, crosses the river without paying a bridge arbitrary. Examples might be multiplied of this rate inequality between the upper and lower crossings with respect to the combination of inbound and outbound rates upon which jobbers conduct their business. Of course, as to many kinds of merchandise, this disadvantage against the upper crossings is not a practical one, for jobbing houses at those

points can not in any event strongly compete in the territory west of the Missouri River with jobbing houses on the Missouri River. It was shown, however, that in the case of some merchandise, such as shoes, overalls, etc., the higher charges do actually curtail the activities, in the territories west of the Missouri River, of the commercial houses at the upper crossings.

Considering all that is disclosed of record with respect to the mileage to the several crossings, the general conditions affecting transportation to and from and through them, the geographic location and the commercial activities of the upper and lower crossings, we think a rate situation is presented that requires some explanation and justification by the carriers, if it is to be further maintained. In fact, a rather clear *prima facie* case is made by the mere recital of the facts. The thought is stated in that form because, in the consideration of the several complaints coming before us during the past few years in which this general rate structure has been brought to our attention, it has become increasingly evident that the fact that this relation of rates, as between the upper and lower crossings, has been in effect for a number of years would not alone justify its continuance for the indefinite future. Time has an undoubted weight in rate matters. It may often be controlling when a rate in daily use has been accepted by shippers for some years without criticism or complaint. This may perhaps be said even more strongly of a relation of rates under which different communities have competed with one another for some years. But time can not be permitted to rob a group of communities of their right to relief from what, in view of changed conditions, will be a manifest rate discrimination if further continued.

There has, of course, been no change in the geographical relation of the upper to the lower crossings; but in the conditions affecting transportation there has been a great change in recent years. In addition to the direct evidence of record on the point we may draw upon the recent history of that part of the country. The census shows a very rapid and large increase in population at Seattle, Portland, Spokane, and other towns in the northwest which have reached the magnitude of cities in the last few years. There has also been a rapid growth in agricultural and industrial development in those states and in the entire territory west of

the Missouri River. The tonnage over the direct routes to all the Mississippi River crossings has therefore undoubtedly grown to be very large. But the point that we are endeavoring to emphasize is not that there is a greater density of traffic over the upper crossings than over the lower crossings or vice versa, but rather that over all the routes to all the crossings the density of traffic has become so great as practically to absorb and take that factor out of the discussion as a basis for any substantial difference in the rates as between the upper and lower crossings. Moreover, the defendants compare the traffic density of the eastern lines as systems, meaning those reaching Chicago and St. Louis, with the density of traffic over the lines west of Chicago. The comparison is, of course, unfavorable to the latter carriers, and the defendants contend, therefore, that the rates to the upper crossings may properly be higher than the rates to the lower crossings. We can not accept this, however, as a conclusive basis for comparison. So far as density may be regarded as a substantial element in this rate situation, the density over the routes by which the traffic moves would be a more persuasive basis for the comparison, whether those routes are made up wholly of eastern lines, as in the case of the routes to St. Louis, or are composed of the eastern lines together with the western lines, as to most of the upper crossings. The exhibits of the defendants show the density of traffic only by systems and by territories. In our judgment the comparison, to have any controlling value in the consideration of these rates, ought more or less to be limited to the traffic density over the direct routes to the various crossings. So considered we are unable to find from the record that St. Louis and the other lower crossings now have any very material advantage in density over the routes to the upper crossings.

A careful study of the record in respect to the various matters hereinbefore adverted to leads clearly and strongly to the conclusion that the present relation of rates as between the upper and lower crossings no longer fits the conditions surrounding the traffic, and that the complainants, as we have indicated, have made out a *prima facie* case which the carriers must meet if the present adjustment is to continue. Let us therefore see what the defendant lines have to say in support of the present adjustment.

Their principal defense is that the circumstances and conditions surrounding the movement of traffic to and from the upper crossings differ substantially from the circumstances and conditions surrounding the traffic to and from the lower crossings, and warrant a higher level of rates to the cities in Iowa on the west bank of the Mississippi River. They assert that there are substantial differences in the character of the routes, in the density of traffic over the several routes, and in the conditions of competition and operation affecting the traffic moving over them to the several crossings. They point out, for example, that the eastern lines took no active part in this proceeding and that those lines, reaching St. Louis with a one-line haul, determine the basis of rates to that point, while the western lines, reaching the Iowa cities on the west bank of the river, have no voice whatever in fixing the rates between St. Louis and the east, although some of them participate in St. Louis traffic moving by way of Chicago. On the other hand, as the defendants contend, the rates of the Iowa crossings are made by the eastern carriers in conjunction with the western lines, and apply to what is a two-line haul as against a one-line haul to St. Louis. As a matter of fact, however, St. Louis is the only one of the lower crossings that can claim a rate advantage by reason of a one-line haul. The other three lower crossings, namely, Quincy, Hannibal, and Louisiana, are reached from the seaboard only over two-line routes. But they nevertheless take the St. Louis rates. On the other hand, Keokuk and Burlington are reached by the rails of the Toledo, Peoria & Western, which, at Effner, Ind., joins the rails of the Pennsylvania lines, by which it is owned in conjunction with the Burlington. The complainants therefore contend that if any advantage is to accrue to St. Louis by reason of its so-called one-line haul the same advantage belongs to Keokuk and Burlington, if the Toledo, Peoria & Western be considered as a part of the Pennsylvania system. They think it should be so considered because the rails of the Pennsylvania, the New York Central, and the Baltimore & Ohio, the so-called one-line routes to St. Louis, are operated west of Buffalo and Pittsburgh by separate corporations, namely, the Vandalia, the Big Four, and the Baltimore & Ohio Southwestern, and yet these lines are claimed by the defendants to be one-line routes to St. Louis.

The second respect in which the defendants allege a difference in transportation conditions over the several routes to the various crossings is in the matter of traffic density. The testimony offered by the complainants on that point is said by the defendants to be entirely insufficient. In the foregoing pages we have criticized the tonnage statistics of the carriers as not being sufficiently concrete and definite to prove anything of real value respecting these rates. Without going over that ground again it will suffice to say that while the St. Louis lines perhaps have some advantage in this respect, it is not large enough to be very material, and certainly not large enough to justify the present advantage in rates that St. Louis and the lower crossings have over the Iowa cities on the west bank of the river.

Another point upon which no small stress is laid by the defendant lines is that on movements to the Iowa crossings a transfer or rehandling is required at Chicago, Peoria, or other gateways, whereas movements from the east to St. Louis are handled through to destination without a transfer or any rehandling. We do not understand that carload freight destined to the upper crossings is ordinarily transferred at Chicago or at the other gateways; and on general principles there ought not to be any necessity for such a transfer except in unusual cases. In any event, the fact that this may be necessary at times, or even frequently, can not justify a difference in the rates on a 9-cent scale, when the length of the haul and most of the other conditions affecting transportation are approximately similar. A large part of the less-than-carload traffic is rehandled or transferred at Chicago and other junction points, and in any final conclusion as to what is a proper relation of rates as between the upper and lower crossings this fact ought not to be overlooked.

No definite figures are given by the carriers as to the effect on their revenues of an order putting the upper crossings on a parity with St. Louis, but it is claimed that the result would be severe. In addition to its direct results the application of the 88-cent scale to those crossings would force a reduction in the through charges to practically the entire state of Iowa. Under the requirements of the fourth section reductions would also follow in the rates to Freeport, Sterling, Dixon, Monmouth, and

many other towns in Illinois now in the 118, 120, and 122 per cent groups. The effect would probably extend to northern Missouri, southern Minnesota, and southern Wisconsin. In the aggregate the loss in revenue undoubtedly would be very substantial. This is earnestly pressed upon our attention and is a matter requiring due consideration. In that connection it is said by counsel for the defendants that low freight rates necessarily mean an inferior service because, in the absence of a revenue sufficient to enable the carriers properly to maintain their lines and to have adequate facilities and sufficient equipment, the service of the defendants must necessarily suffer. What the complainants really need, in the judgment of counsel for the carriers, is railroads with full equipment, enlarged facilities, and a better service; and this they think the shippers should endeavor to secure rather than to cripple the facilities of the carriers and make their service inefficient by insisting upon lower rates.

There is of course no small force in the general proposition that just at this period of our commercial development increased facilities, a more extensive equipment, and a better service are more important to the general shipping public than a reduction in freight charges. This is being pointed out to us by shippers as well as by carriers. But this view necessarily can not appeal strongly to communities that are directly competing with other communities and wish to grow and expand and enlarge their trade, but find the door to opportunity partly closed and their favorable geographic location substantially discounted by effective discriminations in their rates. And the objections and protests against such a rate structure become still more aggressive when it more or less affects the commerce of an entire state.

These contentions by the parties in interest are supported by a voluminous record containing a multitude of exhibits and much testimony. We have referred to them at some length in the preceding pages because of the importance of the case and because of the relation of this case to those that follow. But the issue here, as pointed out in the beginning of the report, is really a very simple one, namely, whether the rates to the upper crossings are excessive and unduly discriminatory, as alleged by those who have attacked them.

Upon a careful consideration of the whole record we find that the class rates to and from the upper crossings are excessive and unreasonable and that there is an undue and unjust discrimination both in the westbound and the eastbound rates of the upper crossings when compared with the more favorable rates enjoyed by St. Louis, Quincy, and the other lower crossings on Atlantic seaboard traffic. Whatever may have been the case some years ago, we find no such differences at this time in the circumstances and conditions surrounding the traffic or affecting the carriers as will justify the further continuance of the discrimination, at least in the degree and extent to which it now exists, or that will justify the continued maintenance of the present rates. Taking all things into consideration, much can be said, and much has been said on the record by these complainants, in support of the contention that there should be a parity of rates from the seaboard as between St. Louis and the Iowa towns on the west bank of the river; and we should be disposed to require such a parity of rates to all the crossings if the rate situation could be considered abstractly on the record and without regard to the effect elsewhere and upon other rates. That, however, would not be so broad a view of the matter as the circumstances require. We can not put out of sight the discriminations and inequalities that would result from such an order; on the contrary we must look at the whole situation and in that manner arrive at substantial justice. Moreover, the effect of such an order and of so radical a change in a rate structure of this importance would be far-reaching; it would not only profoundly disturb the communities immediately involved, but would disturb other communities, and at the same time result in a drastic reduction in the revenues of the carriers. As a regulating body, we can not overlook such consequences.

The facts of record do not suggest the propriety of allowing an increase in the rates of the lower crossings. On the contrary, we have found that the rates of the upper crossings are excessive. It follows, therefore, that if a parity of rates is brought about in the future in either of the ways mentioned, it must be reached through a reduction in the rates to the upper crossings. Nevertheless, an order at this time putting the upper crossings on

the St. Louis rates basis would be so serious in its effect upon the revenues of the respondents that we are constrained to modify the conclusion that we otherwise might reach. We think that some weight may be, and under all the circumstances should be, given to the fact that most of the traffic to the upper crossings moves over a two-line route. There is, of course, no fixed rule of transportation requiring a higher rate for a two-line than for a one-line haul of the same distance; as a matter of fact a two-line haul saves each of the participating carriers one terminal service. On the other hand, a one-line haul is highly desirable in that it gives the one carrier all the revenue. But not infrequently, where a carrier must divide its revenue with a connection, we have recognized the propriety, under the special conditions shown, of a higher through charge. We think recognition may properly here be given to the fact that on almost the entire volume of traffic to the upper crossings two or more carriers share in the revenue. We must not forget also, as hereinbefore noted, that a large part of the less-than-carload traffic to the upper crossings is transferred at Chicago or at some adjacent gateway, and that the St. Louis routes apparently have a slight advantage in density. With all these considerations in mind we find upon the record that there is in the present adjustment an undue and unjust rate discrimination against the upper crossings which ought to be modified by a reduction in the rates to those crossings. Testing the present rates of those crossings, eastbound and westbound, by the rates voluntarily made by the carriers for the lower crossings and by all other facts of record, we also find that the rates to and from the upper crossings are excessive and unreasonable, and that any rates between New York City and the upper crossings will be unreasonable when in excess of the following scale of class rates, which we prescribe as maximum rates, in cents per 100 pounds, for the future:

Class	1	2	3	4	5	6
Rate	90	78	60	42	36	30

The rates from other points in eastern territory will be adjusted on the present relation of those points to New York City under the present rates. There are slight differences between

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the eastbound and the westbound rates, but we find no basis of record for preserving this difference in the future; we therefore fix the same rates on eastbound as on westbound traffic.

Confining the comparison to the westbound traffic the rates here prescribed for the future will be the following reductions under the present rates:

Class	1	2	3	4	5	6
Reductions	7	6	6	5	4	3

They will also exceed the St. Louis rates, in cents per 100 pounds, as follows:

Class	1	2	3	4	5	6
Excess	2	2	1	1	1	1

The rates in cents per ton per mile from New York to Clinton under the 97-cent scale and under the 90-cent scale are as follows, the distance being 1,050 miles:

Earnings per ton-mile.

Class	1	2	3	4	5	6
97-cent scale	1.85	1.6	1.25	0.89	0.76	0.63
90-cent scale	1.71	1.49	1.14	.8	.69	.57

To Burlington, one of the most distant of the upper crossings, the earnings in cents per ton per mile under the existing rates from New York and under the rates herein fixed are as follows, on the basis of a haul of 1,102 miles:

97-cent scale	1.76	1.52	1.20	0.85	0.73	0.60
90-cent scale	1.63	1.42	1.09	.76	.65	.54

These revenues to Clinton and Burlington, as typical crossings, compare with the ton-mile earnings under the 75-cent scale of rates from New York to Chicago, a distance of 912 miles, and the earnings per ton per mile under the 88-cent scale to St. Louis, a distance of 1,053 miles, as follows:

To Chicago	1.84	1.43	1.10	0.77	0.66	0.55
To St. Louis	1.67	1.44	1.12	.78	.66	.55

CENTRAL FREIGHT ASSOCIATION RATES.

In what precedes we have been dealing more particularly with the rates between the upper crossings and points on the Atlantic seaboard in New England and in trunk line territory, or, in other words, with the rates to and from points east of Buffalo and Pittsburgh. But, as stated in the beginning, the complaint also involves the rates to and from points in the territory east of the Illinois-Indiana state line. The present adjustment of these rates is on an entirely different basis. The central freight association territory extends westward to Chicago and St. Louis, but does not include the northwestern portion of Illinois or the upper crossings in Iowa. The rates between points of origin and destinations in that territory are built substantially on distance, using what is commonly known as the central freight association mileage scale, a special method of rate making explained in *Indianapolis Freight Bureau v. C. C. C. & St. L.*, 23 I. C. C., 198. The rates to St. Louis and East St. Louis are adjusted on that basis from points east of the Indiana-Illinois state line. Quincy, which as a lower crossing takes the St. Louis rates from the seaboard, also has the benefit of the same rates as St. Louis from the great majority of the points west of Buffalo and Pittsburgh. To the upper crossings the rates apparently are not made with regard to this mileage scale but, on the contrary, without exception so far as the record discloses, are higher than the rates to St. Louis from the same point, even where the mileage to the upper crossings is comparatively less.

While New York is representative of the points east of Buffalo and Pittsburgh, it is difficult to select any one point as typical of the points in central freight association territory with respect to this traffic. Columbus is centrally located and is referred to frequently on the record; its short-line distance from St. Louis is 428 miles, while from Clinton, an upper crossing, it is 452 miles. Yet the first-class rate from Columbus to St. Louis is 46 cents and to Clinton 59 cents, a difference of 13 cents for the longer haul of only 24 miles. From Fort Wayne, in the state of Indiana, the distance, on the other hand, favors Clinton, the haul being 286 miles as against 342 miles to St. Louis. The rate, however, is 52 cents to Clinton as against a rate of only

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43 cents to St. Louis, a difference of 9 cents per 100 pounds. The situation may be further illustrated by the following statement of rates and mileages from typical points in different parts of the central freight association territory to the several crossings:

From—	Lower crossings.				Upper crossings.				
	St. Louis.		Quincy.		Rate.	Mileages.			
	Rate.	Mileage.	Rate.	Mileage.		Burlington.	Clinton.	Dubuque.	Keokuk.
Pittsburgh	56½	621	56½	685	69	674	606	635	675
Columbus	46	428	46	484	59	402	452	481	482
Saginaw	46	593	46	572	55	515	447	476	558
Lansing	46	478	46	483	55	426	358	387	466
Grand Rapids	46	462	46	441	55	384	316	345	427
Indianapolis	38	240	42	304	52	308	321	350	319
Fort Wayne	43	342	43	380	52	354	286	315	395
Cincinnati	41	341	42	433	55	419	436	465	448
Toledo	46	437	46	475	55	450	382	411	490
Cleveland	52½	548	52½	567	65	563	495	524	544

These differences against the upper crossings are complained of on the same grounds that are urged against the rates from trunk-line territory to the upper crossings, that is to say, they are alleged to be discriminatory and also unreasonable. Upon all the facts of record we find that there is merit in that contention. Like the rates to and from the seaboard we find that these rates are unjust and unreasonable and unduly discriminatory. It follows that there must be a substantial readjustment of the rates to the upper crossings and that the spread between those rates and the rates from the same points to the lower crossings must be materially modified. We shall not undertake in an order to fix these rates but shall look to the carriers promptly to suggest a basis for these rates for the future that will be in conformity with the views and conclusions herein expressed.

COMMODITY RATES.

But this proceeding is not limited to class rates. Substantially the same complaint is made of the commodity rates between

the upper crossings and all the territory hereinbefore mentioned; and with respect to particular commodities considerable testimony was presented. For example, on petroleum the carload rate to St. Louis and to Quincy from the Oil City district of Pennsylvania is 20 cents, while to the upper crossings it is 26 cents. From Cleveland the rate on this commodity is 17½ cents to the lower crossings and 23 cents to the upper crossings, and from Toledo and Findlay, Ohio, the rates are 16 and 22 cents, respectively. The mileage in each of these instances is less to the upper crossings. Another example is the eastbound rate on sash and doors, which are manufactured in large quantities at Davenport, Dubuque, and other upper crossings, as well as at St. Louis. The Iowa manufacturers pay the same rate as their St. Louis competitors on lumber moving from the Pacific coast and a higher rate when moving from Arkansas and Louisiana. On their shipments of sash and doors to points east of the Indiana-Illinois state line the rates they pay are higher in practically every instance than the rates from St. Louis, although the mileage is substantially the same. No real justification is offered on the record for these differences in the rates as against the upper crossings. Nevertheless commodity rates are special rates which ought to be made with reference to all the conditions surrounding the transportation of the particular articles between the particular points. On a record so wide in scope as this one, where all the facts with respect to a particular commodity are not or may not be fully disclosed, it is impractical to attempt to fix the specific rates on particular commodities as the maximum rates for the future. We shall therefore go no further at this time than to express the conclusion that the commodity rates of the upper crossings ought not to exceed those in effect to and from St. Louis in a greater degree than the difference that we are allowing to continue with respect to the class rates. This seems to be now true of the rates on some commodities.¹

The decisions of the Commission in the Saginaw Case and the Mississippi River Case are, perhaps, indicative of the general attitude of the Commission toward the

¹ 28 I. C. C. Rep., 48-63

New York-Chicago Percentage System. While the Commission considers this system the most satisfactory of any general rate scheme for interstate shipments in the United States, it does not consider the system a perfect one that may stand for all time without modification. It would seem, however, that the New York-Chicago Percentage System is based on substantial justice in the main and that it takes account of the principles that underlie proper rate adjustment within the territory covered. With slight modifications it would seem that this scheme of rates may stand for decades if indeed it does not prove the final system for adjusting the rates within this territory.

The system of rates which has been explained in the preceding pages, is amenable to change. For example, at the present writing the carriers are asking for a uniform 5 per cent increase on all traffic, both classes and commodities, within the territory of the New York-Chicago Percentage System. In making the change, the rates between New York and Chicago are being increased by 5 per cent. The rates in all territory governed by the New York-Chicago Percentage System under the advanced basis will be made exactly as has been explained in the preceding pages. If the advances go into effect, the increased rates between New York and Chicago will be the basis for the rates between other points; and the same percentages shown in Maps 3 and 4 and the same arbitraries and percentages for eastern points shown in the tables of this treatise will be used in computing the advanced rates.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. On what basis are the rates from Chicago to Montreal made?
2. How are rates from Chicago to Buffalo found? From C. F. A. points to Buffalo?
3. What are the rates from Chicago to Detroit and Port Huron?
4. How are rates made from C. F. A. points other than Chicago to Detroit and Port Huron?
5. Give first-class and third-class rates from Chicago to Philadelphia, Montreal, Boston, and Detroit.
6. What are the rates on cattle and on dressed meats between the same points?
7. Give first-class, third-class, and fifth-class rates from C. F. A. points in Table 31 to Toronto.
8. Show first-class and fifth-class rates for each distance shown in Table 32.
9. Give the basis for merchandise rates from points shown in Table 32 to Windsor, Sarnia, Belle River, London, and Toronto.
10. How are rates made from points taking a percentage of Chicago-to-New York class rates to Agincourt, Cobourg, and Peterboro?
11. What is the basis for rates from territories shown in Table 33 to Brockville, Montreal, and St. Johns?
12. How are rates made from the same territories to Quebec, Halifax, North Sidney, Cacouna, Mulgrave, and Sydney?
13. Give the minimum first-class and fourth-class rates from Pittsburgh to each point or group of points in Table 34.
14. Give the arbitraries over Pittsburgh rates applying from points in Table 35 to Canadian groups.

15. What constitutes the Hamilton group? The Toronto group? The Montreal group?

16. What is the difference in domestic and export rates to Montreal?

17. How are rates made to points in Ontario and Quebec on the New York Central lines?

18. Give the basis for both domestic and export rates to Quebec.

19. What is the basis for rates on live stock from C. F. A. points taking 78 per cent or more of New York-Chicago rates to Windsor, London, Toronto, Montreal, and Quebec?

20. Give the general basis for rates on pig iron to Canadian points.

21. Give the general class-rate basis from percentage territory in Canada to eastern groups in the United States.

22. Show the difference in the rates to Philadelphia and Baltimore from Canadian percentage groups as compared with rates to the same points from the United States percentage groups.

23. Give the class rates from Canadian 73 per cent points to Philadelphia and Baltimore.

24. What is the first-class rate from Canadian 100 per cent points to Albany? To Utica? To Ogdensburg?

25. Give the third-class rate from Canadian 73 per cent points to points mentioned in question 24, except Ogdensburg.

26. How does the grouping of Trunk Line and New England territories for rail-and-lake rates compare with that for all-rail rates?

27. What amounts under the all-rail rates apply via rail and lake from New York to Chicago, Cleveland, and Detroit?

28. How are rail-and-lake rates made from New York to Duluth? To Sault Ste. Marie? To St. Paul territory? To Racine?

29. Give the basis for rates to western points mentioned in questions 27 and 28 from Philadelphia. From Baltimore.

30. How much less than all-rail rates from New York to Cleveland are the rail-and-lake rates?

31. How do rail-and-lake rates from Boston to points men-

tioned in item 12 of Table 39 compare with New York rail-and-lake rates?

32. What differentials under New York rail-and-lake rates apply from Boston to Trans-Mississippi territory via rail and lake?

33. Is the fourth section of the Act to Regulate Commerce violated in making rates via circuitous routes?

34. What kinds of rates must be compared when applying the fourth section?

35. Name the groups into which C. F. A. points are divided in making rates to points shown in Table 39.

36. Give the basis for making rates to each of the points shown in Table 39.

37. What other kinds of routes are there from eastern ports than those already mentioned?

38. Give the general basis for rates applying via routes referred to in question 37.

39. How much lower than the all-rail scale is the rail-and-lake scale in each direction?

40. What are the two groups of ports via which rail-and-ocean rates apply?

41. What class differentials under all-rail rates apply to New York via ocean and rail?

42. How are rates made to interior eastern points via ocean and rail?

43. How are rates made to South Atlantic ports from C. F. A. points via North Atlantic ports?

44. Give very briefly a history of the development of the New York-Chicago Rate System.

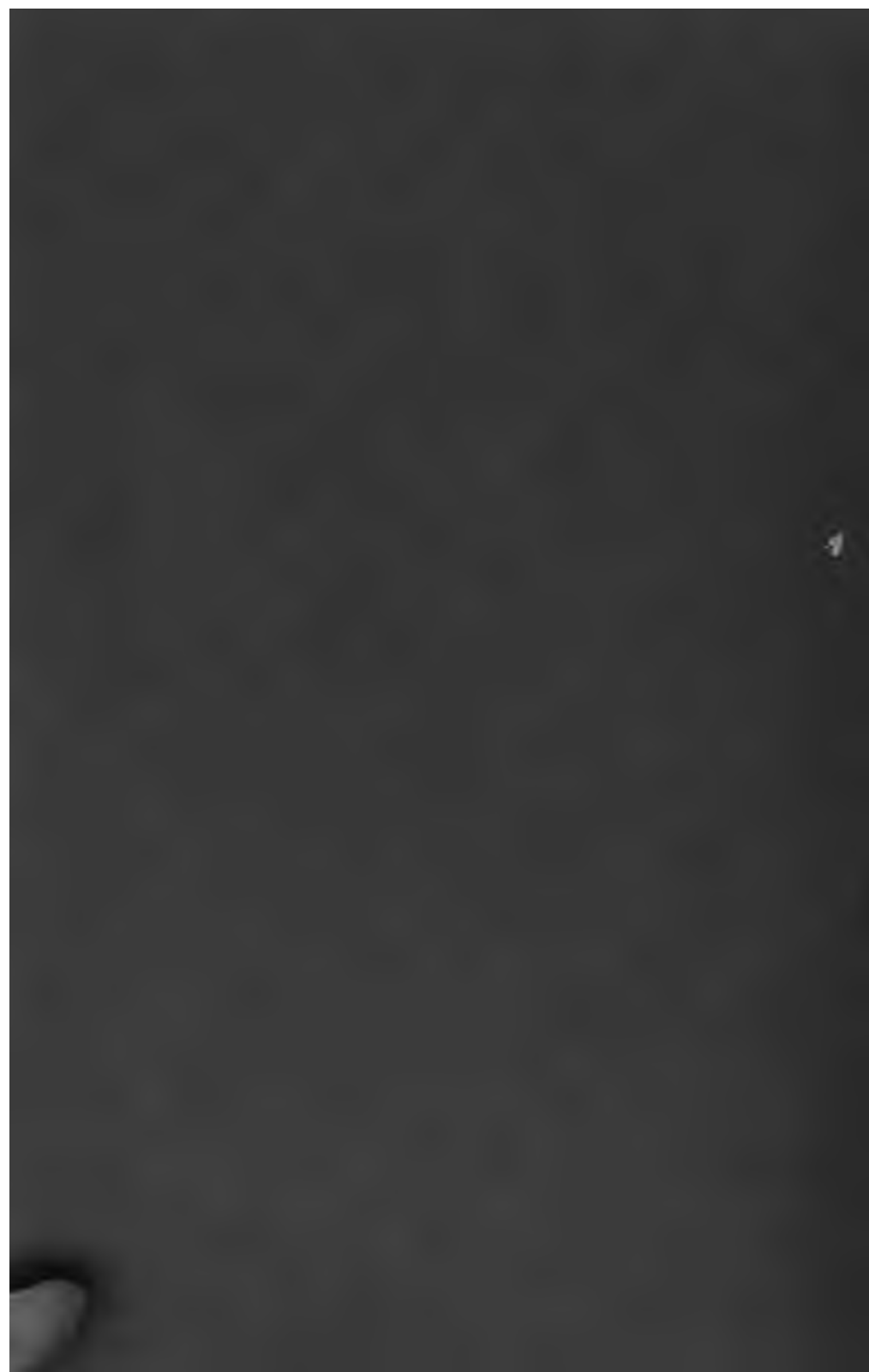
45. What three factors led up to the adoption of the New York-Chicago Percentage System?

46. What is the substance of the decision of the Interstate Commerce Commission in the Saginaw Case, relative to the percentage system?

47. What are the essential points of the decision in the Mississippi River Case as to class rates? As to commodity rates?







FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

1918 BY A COMMITTEE OF THE CANADIAN
COMMERCE AND TRADE DEPARTMENT

EDWARD J. WILSON
General Manager, Canadian Freight Association

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General Manager, Canadian Freight Association

PART I
PORT, INTER-TERRITORIAL, THROUGH

IN SALE (AT WHOLESALE) BY THE
CANADIAN FREIGHT ASSOCIATION

INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

Prepared under Editorial Supervision of
Samuel MacClintock, Ph. D.

The subjects listed below constitute the work suggested at a course in Interstate Commerce and Railway Traffic. This course is especially designed to meet the increasingly growing demand for efficiently equipped men by railroad and industrial enterprise, for would students to pass the examinations for government service under the Interstate Commerce Commission, and to meet the demand for men competent to direct the work of commercial organizations and traffic bureaus. With the exception of the Atlas of Railway Traffic Maps the subjects listed below are covered in an average of approximately 220 pages each.

Atlas of Railway Traffic Maps

Freight Classification

Freight Rates, Official Classification Territory and Eastern Canada

Freight Rates Southern Territory

Freight Rates Western Territory

Packaging and Filing of Tariffs

Tables for Freight Charges, Reducing Freight Charges to a Minimum, Routing Freight Shipments, Freight Claims, The Bill of Lading, and The Industrial Traffic Department.

Railway Organization, Statistics, and Accounting

Express and Parcel Post

Water Traffic and Rates

Government Control of Common Carriers

Interpretation of the Act to Regulate Commerce

History of the Interstate Commerce Commission and
Precedents before that body

Passenger Laws

Harmon's Laws

The Laws of Commerce of Goods

Business Traffic Policies

CARLETON COLLEGE UNIVERSITY

FREIGHT RATES
OFFICIAL CLASSIFICATION TERRITORY
AND EASTERN CANADA

C. C. McCAIN
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LASALLE EXTENSION UNIVERSITY
(Home Study Under Expert Guidance)
CHICAGO

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CHAPTER VII

PORT DIFFERENTIALS

1. WESTBOUND

The basis for rates both eastbound and westbound through the Atlantic ports has been set forth in the preceding pages. It has been shown that at this writing the class rates from Boston to percentage territory are the same as the New York rates. It has also been stated that Baltimore and Philadelphia are accorded differentials under the New York rates, and that the Virginia ports usually take the same rates as Baltimore eastbound, but arbitraries under the Baltimore rates westbound. The Baltimore differentials westbound are an 8-cent scale, while the Philadelphia differentials are a 6-cent scale. Eastbound the differentials to Boston are a 7-cent scale over the New York rates, while the Baltimore scale is 3 cents under New York on classes and on commodities except grain and flour. The differentials to Philadelphia are 2 cents under the New York rates except on grain and flour.

While the basis has been explained, the problems underlying the port differentials have not been presented. In 1898 the New York Produce Exchange brought a complaint before the Interstate Commerce Commission against the Baltimore & Ohio Railroad Company alleging that the grain rates to Boston, Philadelphia, Baltimore, Newport News, and Norfolk were discriminatory against the city of New York. The excerpt from the de-

cision of the Commission in this case given below sets forth something of the important problems in the history of port differentials prior to 1898.

The complainant attacks by its complaint certain differentials in freight rates upon the ground that they unduly prefer Boston, Philadelphia, Baltimore, Newport News and Norfolk as localities to the locality of New York. The Boston Chamber of Commerce, the Baltimore Chamber of Commerce and certain trade organizations in Philadelphia have intervened upon the ground that the commercial interests which they represent are or may be affected by the proceeding. Norfolk and Newport News have not been represented at any of the hearings.

Upon the trial the issue apparently narrowed itself to one between New York, Philadelphia and Baltimore. The Boston Chamber of Commerce appeared upon the first hearing in New York, but did not appear at any subsequent hearing, nor did it ask to be heard upon final argument. This seems to have been upon the assumption that the complainant made no question as between itself and Boston. That is, New York does not ask to be allowed a differential upon export traffic as against Boston. Neither do we understand that it has been suggested in this case that a different differential should be applied to Norfolk and Newport News than is applied to Baltimore. The controversy is really between the three cities, New York, Philadelphia and Baltimore. Whenever facts with reference to Boston, Newport News and Norfolk are stated, they are only given to make the statement complete as bearing upon the controversy between these three localities.

It incidentally appears that Boston has two rates,—an export and a domestic rate. The legality or propriety of these different rates was not referred to in the discussion of the case, and is not considered in its disposition. The differentials in question are those upon east-bound freight traffic to the above-named cities. There is no dispute as to the rates. Taking the rate to New York as a basis, the rate to Philadelphia is 2 cents per hundred pounds lower, all classes; and to Baltimore 3 cents per hundred pounds lower, all classes. Norfolk and Newport News take the

Baltimore rate, and upon export traffic, Boston takes the New York rate.

The rate itself frequently varies, but the differentials are at all times and upon all classes the same. The rates complained of in this proceeding are those upon grain, flour and provisions, and these rates from Chicago at the time of the filing of the complaint were as follows:

To	Grain.	Flour.	Provisions.
New York	20 cts.	20 cts.	30 cts.
Boston (for export)....	20 cts.	20 cts.	30 cts.
Philadelphia	18 cts.	18 cts.	28 cts.
Baltimore	17 cts.	17 cts.	27 cts.
Newport News	17 cts.	17 cts.	27 cts.
Norfolk	17 cts.	17 cts.	27 cts.

The complaint also attacks what are known as the ex-lake differentials. Large quantities of freight, especially grain and flour, are brought through the Great Lakes to various points upon the southern shores of Lake Erie and Lake Ontario, from whence they are transported by rail to the Atlantic seaboard. Upon this a differential is applied of 1 cent per hundred pounds in favor of Philadelphia and Baltimore as against New York. This differential does not seem to apply to provisions. At the time of the filing of this complaint the rates from lake ports to Boston, New York, Philadelphia and Baltimore respectively per hundred pounds were as follows:

To	Grain.	Flour.	Provisions.
New York	11 cts.	11 cts.	16 cts.
Boston (for export)....	11 cts.	11 cts.	16 cts.
Philadelphia	10 cts.	10 cts.	16 cts.
Baltimore	10 cts.	10 cts.	16 cts.

Special commodity rates by the bushel were also in effect from these lake ports to the above named cities. They were in lots of 8,000 bushels and over, to one consignee and one destination, as follows:

	Wheat.	Corn.	Barley.	Oats.
New York	5 cts.	4½ cts.	4½ cts.	3½ cts.
Boston (for export)...	5 cts.	4½ cts.	4½ cts.	3½ cts.
Philadelphia	4 cts.	3½ cts.	3½ cts.	3 cts.
Baltimore	4 cts.	3½ cts.	3½ cts.	3 cts.

It will be seen from the above tables that the regular differential upon grain when shipped in carload lots by the hundred

pounds is 1 cent in favor of Baltimore and Philadelphia; when shipped under the special commodity tariff by the bushel it is considerably more, being 1 cent per bushel in the case of wheat and corn and $\frac{1}{2}$ cent per bushel in the case of barley and oats. Grain for export would, of course, always be shipped under the commodity tariff.

Some knowledge of the history of these differentials is necessary to an understanding of the situation. The earliest agreed differential of which the testimony gives any account was that of 1869, by which Baltimore enjoyed an advantage of 10 cents per hundred pounds over New York. It does not appear what the differential in favor of Philadelphia was. In 1870 a war of rates occurred, with the result that the Baltimore differential was reduced to 5 cents per hundred pounds on grain and the lower classes of freight, while upon the higher classes of freight the differential was 10 cents per hundred pounds, and these differentials seem to have continued until about 1876. It does not appear what the differential of Philadelphia upon east-bound traffic was, but a tariff of November, 1875, gives the differentials upon west-bound traffic as follows:

	First Class.	Second Class.	Third Class.	Fourth Class.	Special Class.
Baltimore	10 cts.	9 cts.	8 cts.	6 cts.	5 cts.
Philadelphia ...	7 cts.	7 cts.	6 cts.	4 cts.	3 cts.

In March, 1876, this system of an arbitrary differential was abandoned and the lines agreed upon a system of percentage differentials based upon the relative distances from western cities to Baltimore, Philadelphia, and New York, respectively, taking New York as the basis. Under this agreement the rate from Chicago to Baltimore was 13 per cent and to Philadelphia 10 per cent less than to New York, and from Cincinnati to Baltimore 24 per cent, and to Philadelphia 12 per cent less than to New York.

After a few weeks' experience, the New York Central and the Erie withdrew from this agreement upon the assertion that it was too favorable to Baltimore and Philadelphia. Thereupon another rate war ensued, which terminated in an agreement of April 5, 1877, by which fixed differences in rate were re-established in place of differences based upon relative distances.

Under this agreement east-bound differentials from western points were 3 cents to Baltimore and 2 cents to Philadelphia upon all classes. On west-bound traffic the differentials in favor of Baltimore and Philadelphia differed with different classes, and were as follows:

	First Class.	Second Class.	Third Class.	Fourth Class.
From Baltimore	8 cts.	8 cts.	3 cts.	3 cts.
From Philadelphia	6 cts.	6 cts.	2 cts.	2 cts.

It would seem that the contentions between the carriers which had given rise to these differentials were mostly over export traffic, and that the differentials were insisted upon and were allowed for the purpose of permitting the various carriers to enjoy a portion of that traffic. The agreement of April 5, 1877, seems to have been made upon the idea of equalizing the cost of carriage from various interior shipping points to foreign ports. It recognized the fact that ocean freight rates from Baltimore and Philadelphia to such foreign ports were higher than from New York and that inland freights must be correspondingly lower so that the total freight might be the same.

The agreement provided that, upon the giving of certain notice, any party to it might withdraw, and in June, 1880, the New York Central gave notice of withdrawal, stating that the differentials were originally based upon supposed differences in ocean rates, that such differences no longer existed, that therefore the reasons for the differentials had ceased to exist and that the differentials themselves should also cease. The Pennsylvania and the Baltimore and Ohio insisted upon the differentials, and the action of the New York Central apparently led to another rate war, which terminated in the latter part of 1881 by a restoration of the differentials of April 5, 1877.

It would seem that the various Atlantic seaports which were served by these different railway lines had taken more or less interest in this subject of differentials. New York insisted that the differentials should be abolished; Philadelphia that there should be no difference between that city and Baltimore; and Baltimore that the differential of 3 cents allowed in its favor

was too low; and each city strenuously contended that it was the duty of the railway lines serving that particular locality to insist upon and obtain an adjustment of these differentials in accordance with its views.

Apparently for the purpose of considering the claims of these different communities and perhaps placating the public rather than of settling the question for the carriers, the New York Central, the Erie, the Pennsylvania and the Baltimore & Ohio joined in requesting Allen G. Thurman, Elihu B. Washburne and Thomas M. Cooley to act as an advisory commission for the purpose of investigating and reporting upon the general matter of these differentials. These gentlemen accepted the invitation and entered upon their work in February, 1882.

In their investigation the railroad companies themselves declined to participate further than by furnishing to the commissioners whatever information might be asked for. This commission held sittings in New York, Philadelphia and Baltimore in the east, and in certain cities in the west, heard statements and arguments from the representatives of these various localities, collecting whatever information it could bearing upon the subject, and finally in July, 1882, made a report. This report seems to have been very carefully considered by the commissioners, and, while it deals largely in theory and generalities, it appears to be, as was to have been expected from the character of the gentlemen who signed it, an able and comprehensive review of the situation.

The conclusion at which they arrived was that distance could not be used as a measure of these differentials; neither could cost of service. Competition, which embraced these two, and all other factors, if properly conducted through a series of years, was the most reliable guide. Competition, after many years, had resulted in fixing the differentials in force. Those differentials were justified to a certain extent by distance and to a certain extent by cost of service. The purpose of the differential was to equalize the cost of exporting grain and other merchandise through the various ports to which they were applied. A difference in ocean freight rates from those respective ports, corresponding generally to the inland differentials, was found to exist. Upon the whole, therefore, the commission declined to recommend

that the differentials which had been agreed upon should be disturbed.¹

The conclusions of the Commission in this case set forth so well the principles underlying the problems of port differentials and the attitude of the Commission at that time that they are reproduced in full below.

CONCLUSIONS.

The questions presented by this record upon the foregoing facts are of very considerable importance. The differentials in case of every locality except Boston apply not merely upon freight intended for export, but upon all traffic forwarded to these points. In order to abolish the differentials it would be necessary either to raise the Baltimore and Philadelphia rates, or to reduce the New York rate. If the New York rate were to be reduced it would amount, upon all the traffic to which that differential applies, to the loss of nearly \$1,000,000 per year. If the Baltimore rate were to be raised to the basis of the New York rate, that would add about the same amount to the revenues of the lines serving localities south of New York, and in each case this would mean an addition to or a subtraction from the net revenues of the companies. This is upon the assumption that the volume of traffic continues the same; but the purpose of a differential is to influence the flow of traffic and the abolishing of these might divert to the New York lines such quantities of freight as to seriously deplete the revenues of the southern lines. It is, therefore, from the standpoint of the carriers, a most delicate matter to attempt to modify these differentials, and this is sufficiently shown by the fierce contests which resulted in the adoption of those now in force.

Upon its part the complainant insists that some relief of the kind asked for is of vital consequence to New York. In 1882 something more than 50 per cent of all the wheat, corn and oats exported through the Atlantic and Gulf ports went out from the port of New York, while in 1896 this per cent had fallen to a little more than 25, and the decline from 1895 to 1896 was shown

¹ 7 I. C. C. Rep., 615-20.

to be more than three fourths of the total shrinkage. Now, the complainant says that while New York may for a single year, or for two or three years, continue to hold its import trade, notwithstanding the loss of its exports, eventually imports will flow in through the same ports from which exports go out, and that if the larger part of grain exports are diverted by these differentials from New York, the result will eventually be the loss to that city of a corresponding amount of its foreign trade, so that this condition of things becomes a most serious menace to the commerce of that port.

Philadelphia and Baltimore, upon the other hand, strenuously insist that to abolish these differentials would take from them the little foreign trade which they are now enabled to obtain.

It should be noticed in the outset exactly what the relation of the Commission is to the questions presented. It seems to have been more or less assumed upon the hearing and discussion of this matter that the Commission was vested with authority to revise the action of the defendants in the making of these differentials, and that the same considerations would address themselves to us in passing upon their correctness that the defendants ought to have considered in putting them in force. This is entirely wrong. Our function is not that of the Advisory Commission of 1882. We are not discharging the duties of arbitrators selected to determine between the different carriers upon the fairness of these differentials. Our only jurisdiction is to inquire whether the Act to Regulate Commerce has been violated. That law does not seek to interfere with the business operations of carriers subject to its provisions until those operations contravene the provisions of the Act itself.

Take the situation presented by this case. Here is a vast amount of freight to be transported from the West to the Atlantic seaboard, and here are these various lines of railway so situated that they can participate in that transportation. Now, considering this as a business proposition from the standpoint of the carrier, we have nothing whatever to do with it. The railways may make whatever rates, form whatever lines, establish whatever differentials they may deem best for the purpose of securing and conducting that transportation. Whether in so doing they

act wisely or unwisely, fairly or unfairly between themselves, we do not inquire. Our only inquiry is, does the situation which the carriers have created violate the Act to Regulate Commerce. That this is the extent of our authority is now settled by the decisions of the United States Supreme Court. . . .

The question before us for consideration is, therefore, whether these differentials are in violation of the Interstate Commerce Act. The complainant alleges that they are in contravention of the third section of that Act, for the reason that they discriminate against the locality of New York and in favor of the localities of Baltimore and Philadelphia. It should be noticed in this connection, upon the authority of the cases above cited, that it is not sufficient to show the fact of such a discrimination. Railway companies are not prohibited by the third section from preferring one locality to another unless that preference amounts to an undue or unreasonable one. This phase of the law does not seem to have been much dwelt upon in the argument, but it is important that it should be fully appreciated. It is insisted that these differentials give an undue preference for the reason that they are without excuse or justification. If the assumption of fact embraced in this statement is true, the conclusion probably follows. A preference without legitimate excuse would be in and of itself an undue and unreasonable one. It is therefore proper to consider at the very outset upon what alleged pretext the defendants have instituted these differentials.

A good deal has been said in various parts of the case about differences in distance and differences in cost of service, and these alleged advantages in favor of Baltimore and Philadelphia have been earnestly relied upon by the representatives of those localities in justification of the preference which they receive. An examination of the whole case plainly shows, however, that while these elements may have to some extent entered into the determination of the question by the defendant carriers, the controlling purpose of the differentials is to distribute between rival railway lines the export traffic which moves from the west to the Atlantic seaboard. Very large quantities of grain and provisions are exported from the United States to foreign countries. This traffic originates in the west and the defendant lines are so

situated that they can carry it to the ports of export. If it passes over one line it is exported through the port of New York; if it passes over another line it is exported through the port of Baltimore. Now, the primary purpose of these differentials is, not to do justice to a particular port, nor to recognize the advantages of a particular port, but to enable the various competing lines to obtain a fair proportion of this traffic. In other words, the reason for these differentials is competition between railways. Cost of service and distance are very likely taken into account by the defendants in determining whether under the operation of the differentials a particular line has obtained more than its share of the traffic, but the underlying principle is competition. Upon no other theory could Boston, which is 88 miles farther from Chicago than New York, be given the same rate with New York, while Norfolk, which is 72 miles farther from Chicago than New York, has a rate of 3 cents per hundred pounds less.

Do these competitive conditions justify the preference of one locality to another? It is clear under the recent decisions of the United States Supreme Court, not that they necessarily do, but that they may. It was held in the Import Rate Case, *Interstate Commerce Commission v. Texas & P. R. Co.* 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, that competition *might* justify a railway line between New Orleans and San Francisco in carrying merchandise as a part of a through shipment from Liverpool to San Francisco at a rate which yielded to that company for its division less than one-third of what it received for carrying the same kind of merchandise from New Orleans to San Francisco. In the Troy Case, *Interstate Commerce Commission v. Alabama Midland R. Co.* 168 U. S. 144, 42 L. ed. 414, it was determined that railway competition did justify the defendant in making a lower rate to a more distant point. Railway competition may, therefore, excuse the giving of a preference to a particular locality or a particular commodity, provided the interests of the public are not unduly sacrificed to those of the carrier.

In the light of these cases it is difficult to see why it is not perfectly legitimate for carriers to make differentials like those in question. The Baltimore & Ohio Railroad extends from Chicago to Baltimore. It comes into competition with the lines running

to New York for this export grain traffic. There are many kinds of traffic in which other facilities, like expedition, are of more importance than the mere question of rates, but in the case of this traffic where a change of $\frac{1}{8}$ cent a bushel in the cost determines through which port it shall be exported, the rate is practically the only medium of competition, and the only way by which the Baltimore & Ohio Company can secure a share of this traffic is by making a rate in competition with the rate to New York which will secure it. If a lower rate is necessary it may make that lower rate, and it might make it even though the distance from Chicago to Baltimore was greater than the distance from Chicago to New York, and even though the cost of transporting that grain to Baltimore was greater than the cost of transporting it to New York.

We think, therefore, that the principle upon which these differentials are made is legitimate, but it does not by any means follow that the differentials themselves are legitimate. A given preference may be justifiable under some circumstances, and not under others; to some extent, and not to greater extent. Granting that a discrimination against a locality is excusable in theory, the question still remains whether under the third section it is undue or unreasonable, and that question is one of fact in each individual case. Upon the whole situation, is the preference justifiable? This seems to be the rule of the cases above referred to.

Evidently in applying this rule to a particular case the just interest of the carrier should be considered. Carriers are allowed to prefer one locality to another under stress of competition in some instances, for the reason that the interest of the carrier requires it; but every preference is to a degree a hardship upon the community against which it is enforced, and that hardship should be, in a way, set over against the interest of the carrier. In this connection, what the Supreme Court of the United States, in *United States v. Trans-Missouri Freight Asso.* 166 U. S. 290, 41 L. ed. 1007, said of the relation of the railways to the public, "that they all primarily owe duties to the public of a higher nature even than that of earning large dividends for their shareholders," must be borne in mind. Still it is plain that the inter-

est of the carrier is an important factor to be considered, and that in order to justly estimate a given case it is necessary to know how the carrier as well as the public stands affected by the preference.

In this case we have no information from the carriers' standpoint. The defendants appeared at the opening hearing, but gradually withdrew from participation in the proceedings until finally the contest became one between the three ports, New York, Philadelphia and Baltimore. We only know that the defendants have established and are maintaining these differentials, and we assume that they are satisfactory to them, and that any disturbance of them would be against their wish and against their interest. This is, perhaps, equivalent to saying that the complainant assumes the burden of establishing the fact that there is an undue preference.

The complainant alleges that an examination of the basis upon which these differentials are constructed and the history of the differentials themselves show them to be manifestly unfair to the port of New York for the reason, first, that the pretended difference in cost of ocean freights from the various ports does not exist, and, secondly, that, assuming the differentials to have been fair when they were first agreed upon in 1877, the changed conditions render them grossly unfair at the present time. We will examine briefly these claims.

The rates complained of are at the present time recognized and maintained by most of the defendants through the medium of the Joint Traffic Association. Mr. George R. Blanchard, the commissioner of that association, stated in his testimony before the Commission the theory upon which these differentials were fixed. As we understand his testimony upon that point, it was this: A considerable part of the grain in question is actually shipped from the city of Chicago. Almost all of it is purchased upon the basis of the Chicago market price. Chicago may therefore be treated as the point of origin. The largest foreign market is Liverpool, and that, for the purpose of illustration, may be treated as the point of destination. Now, the object of these differentials is to make the cost of transporting this grain from Chicago to Liverpool the same through all these ports. Perhaps, more

accurately speaking, Mr. Blanchard testified that the purpose of the differential was to equalize the advantages of transportation through these several ports, but inasmuch as in the exportation of grain, cost is the principal element, it comes to substantially the same thing.

Now, if the purpose of the differential is to make the cost of exporting through the different ports the same, it is evident that in case the cost of carriage from the various domestic ports to the foreign port is the same, then the cost of placing the grain on shipboard at the domestic ports should also be the same, but that any difference in the expense of ocean carriage should be equalized by a corresponding difference in the cost of inland carriage. Assuming that the cost of ocean carriage from Baltimore to Liverpool is 3 cents per hundred more than from New York, then the inland rail rate from Chicago to Baltimore must be 3 cents per hundred less, so that the total rate may be the same. This, Mr. Blanchard says, is the theory upon which the differentials are determined. There are certain minor considerations, but, broadly speaking, the differential is supposed to correspond with and make good a difference in the ocean freight rate. In order to determine whether the present differentials are consistent with that theory it is only necessary to inquire whether the existing difference in ocean rates corresponds to the established differential.

It will be seen by referring to the findings of fact that grain is carried either in full cargo shipments or at berth rates. It will be further seen that the full cargo rate is the same from each one of these three ports. There are certain minor differences in favor of New York and certain minor differences in favor of Baltimore and Philadelphia; but taken altogether, we are satisfied that practically there is no difference in the expense of the ocean carriage of grain in full cargo lots from New York, Philadelphia and Baltimore.

With berth rate business this is different, and New York enjoys very important advantages over either Baltimore or Philadelphia. In the first place the lines of steamship from that port reach more grain markets than can be reached from either Baltimore or Philadelphia. Then, the lines to all the principal grain markets

are much more numerous and the sailings very much more frequent. All this gives the port of New York, in berth rate business of all kinds, a great advantage over either of her competitors in this proceeding, and we have found that this difference amounts to about 2 cents per hundred pounds as to both Baltimore and Philadelphia. From this alone it would follow—assuming this to be the only question involved in the establishment of the differential—that there ought to be no differential upon full cargo business, and that the present differential is substantially right as to berth rate business. But there is no way in which full cargo grain can be distinguished in the matter of the freight rate from berth rate grain, and it is necessary to find some figure which will properly adjust the two. The articles involved in this proceeding are provisions, grain and flour. Provisions and flour are entirely shipped upon the berth rate. Wheat, except in exceptional cases, is exported by berth rate. Corn more frequently goes by full cargo shipments. An idea of the relative amount of grain shipped by berth rate and full cargo can be obtained from Tables 4 and 5.²

The berth rate is very much less stable than the full cargo rate and, as a rule, lower than the full cargo rate. As a result, little or no full cargo business can be done until the berth space has been exhausted. As was well said by counsel for one of the intervenors, a full cargo business is only possible when the berth business has come to the point of saturation. It follows, therefore, that in years when grain exports are light the full cargo business is small, while in years when exports are heavy that business is larger; and from this it further follows, inasmuch as the full cargo business can be done more advantageously at Baltimore and Philadelphia than at New York, that in years of large grain exports Philadelphia and Baltimore ought to obtain much more of this export traffic than they do in years when the total amount of exports is small. This rule is not an invariable one, however, since other traffic conditions may make the supply of berth space larger in years of large exports than in years of small exports.

² Table numbers appearing in this decision have reference to tables filed with the Commission but which are not here reproduced.

It should be observed further that any finding of fact as to the relative berth rates from these three ports for any one year or for any succession of years, especially for a series of years in the past, must be extremely unsatisfactory. The rate which is quoted and the rate paid for actual engagements are not by any means the same, so that it cannot be stated within the limits of perhaps a cent per hundred what the relative berth rates from New York, Philadelphia and Baltimore are.

It will be seen, therefore, that any attempt to determine exactly the relative cost of ocean carriage from New York, Philadelphia and Baltimore of the commodities embraced in this proceeding is, for the reasons above stated, impossible. It is possible to give the relative cost in the case of full cargo shipments. It is possible to give, within reasonable limits, the relative berth rates; but to combine the two and to say what will for a series of years be the difference in the cost of carrying flour, grain and provisions, and to make that the basis of a differential which will be strictly fair, is out of the question.

Assuming that the differential is intended solely to equalize the difference in ocean rates, we should be of the impression that there is no ground for a different differential at Baltimore than at Philadelphia, for we do not find that the cost of ocean carriage from those ports differs materially, and we should be of the further impression that the present Philadelphia differential just about equaled the difference in berth rates and would be somewhat too high as applied to both berth and cargo business. It should be observed, however, that New York enjoys certain advantages in reference to its berth business in addition to the mere difference in rate. Many ports can be reached in this way from New York which are not accessible at all from the outports. The sailings from New York are much more frequent than from the outports, so that it is possible to deliver small quantities of grain more frequently from that port than from the outports and to sell in many localities which cannot be reached from the outports at all. Just what the measure of advantage to New York in the fraction of a cent per hundred pounds on all the grain exported is, cannot be even intelligently surmised.

Taking this whole situation together, we do not think it could

be fairly determined in advance what differential would be required to offset the advantages of New York over its rivals in the matter of ocean facilities. About all that can be done is to determine within probable limits what that differential should be and then decide from an observance of the actual operation of the differential whether its effect is a fair one.

These differentials were established in 1877, and re-established, and approved by the Advisory Commission, in 1882. The complainants insist that assuming them to have been perfectly fair upon either of the above mentioned dates, they have, owing to changed conditions, become grossly unfair at the present time.

Since the differentials are arbitrary, the rates differ by so many cents no matter what the New York rate may be. An examination of Table No. 22 shows that in 1878, that being the year after the present differentials were fixed upon, the rate on corn from Chicago to New York was about 30 cents per hundred pounds. This would make the Baltimore rate 27 cents, or 90 per cent of the New York rate. In 1882 the New York rate had fallen to 23 cents; and the Baltimore rate would be 20 cents, or about 87 per cent of the New York rate. In 1896 the New York rate was 18.5, and the Baltimore rate 15.5, or 84 per cent of the New York rate. In other words, the gradual lowering of rates since these differentials were established has operated to make the Baltimore and Philadelphia rates relatively less in comparison with the New York rate than they were in 1878 or 1882. If the purpose be to establish a fixed relation between these rates and that relation was correct then, it is wrong now.

So, too, in the matter of ocean rates. It seems to be pretty well established that the agreement of April 5, 1877, fixed the differentials at the present figure for the purpose of equalizing the difference in the cost of ocean transportation. The Advisory Commission in 1882 found a difference in the cost of such transportation which approximately equaled the amount of the differentials. The testimony before us shows that this difference in the cost of ocean transportation has been gradually growing less since 1882. While no change has taken place in reference to full cargo shipments, the difference in berth rates in favor of New York is less now than it was then, so that if the differential is to be deter-

mined upon that basis it would seem that, if right then, it is wrong now.

Again, a given differential has more effect now than when these were fixed. The price of grain in 1882 was more than in 1896. Corn sold in 1882 upon the Chicago market for about 62 cents as against 25 cents in 1896. It appeared in testimony that at the present time a difference in the total expense of exporting corn of $\frac{1}{8}$ cent a bushel was sufficient to divert it from one port to the other, but it was said that in 1882 this would not have been so, since competition in this business had increased and the margin upon which the business was done had grown smaller so that $\frac{1}{8}$ cent a bushel had become a more important factor.

We think this contention of the complainant is well taken. The gradual lowering of rates, the shrinking of values, the increase of competition, have all operated to make the differentials in favor of Baltimore and Philadelphia mean more to-day than they did when agreed upon. A difference of 3 cents per hundred pounds was more effective in drawing export grain traffic through Baltimore in 1896 than in 1882. Just how far this makes out that the present differential is unduly preferential against New York will be considered farther on.

The intervenors earnestly insist that the preference granted to Baltimore and Philadelphia is justified by the fact that those localities are nearer the point from which this traffic originates, and that the expense of rendering the service covered by the transportation rate to Philadelphia and Baltimore is less than at New York. For the purpose of determining to what benefit, if any, these localities are entitled upon the score of distance, the short line to each port must be considered.

In this case the short line from Chicago to New York, Philadelphia and Baltimore is in all cases by the Pennsylvania Railroad, and is 912 miles to New York, 822 miles to Philadelphia and 802 miles to Baltimore. The distance from Chicago to Baltimore is 88 per cent of the distance to New York, and that, when these differentials were first adopted in 1877, was almost exactly the percentage which the Baltimore rate was of the New York

rate. At the present time the Baltimore rate on corn is about 84 per cent of the New York rate.

The complainant says that distance should not be considered as a justification for these differentials because it is habitually disregarded by the defendants and it instances the rates which are made by the defendants in this very case. Thus, the distance to Boston is 1,000 miles while the rate for export is the same as that to New York. Newport News is 94 miles farther from Chicago than is Baltimore, but it takes the Baltimore rate. Norfolk, Va., is 72 miles farther from Chicago than is New York, but it takes a rate 3 cents lower than New York. Now, the complainant says, since these defendants have disregarded the element of distance in the making of these very rates complained of they cannot be allowed to set it up as a justification in the case of a particular one of these rates.

Distance is frequently disregarded by carriers in the making of their rates. The Commission has held that it may be under some circumstances properly disregarded to some extent. It has been repeatedly said, however, that distance ought, when possible, to be regarded, and we have never held that a carrier would be compelled to disregard it for the purpose of putting two communities upon a commercial equality.³ . . .

It must be remembered that carriers are allowed a certain latitude in this respect. They may within certain limits regard or disregard distance, as their interest demands. If the Pennsylvania Railroad Company, by reason of competitive conditions saw fit to make the same rate to New York and Philadelphia, it is possible that Philadelphia could not insist that such a disregard of distance was unduly preferential, but it is clear to us that if the Pennsylvania Company elects to make a lower rate from Chicago to Philadelphia than to New York, it may show in justification of that rate that traffic for New York must be hauled through and 90 miles beyond Philadelphia. We also think that when New York asserts that the differential in favor of Philadelphia unduly prefers that locality, Philadelphia may reply that its advantage of distance entitles it to a lower rate.

³ 6 I. C. C. Rep., 647; 7 I. C. C. Rep., 180.

Distance is recognized as an element in determining the amount of a rate upon the assumption that it corresponds in a degree with the cost of service. It does not, however, necessarily follow that the greater cost of service necessarily goes with the greater distance. It is certain that the expense of transporting grain from Chicago to New York by the Pennsylvania lines is more than from Chicago to Philadelphia, for, by those lines, the transportation is through Philadelphia; but it is quite possible that it might cost less to transport grain from Chicago to New York *via* the New York Central than to Philadelphia, even, by the Pennsylvania. Nothing of that has been gone into in this case, and we are left to assume that the cost of transportation is measured by the distance, for as a general rule, in the absence of exceptional conditions, the greater the distance the greater that cost.

One subject has, however, been considerably discussed both in the testimony and in the argument which bears upon the cost of service, and that is the terminal charges and service at the various ports. It will be seen by referring to the findings of fact that the carrier at Baltimore or Philadelphia ordinarily receives $1\frac{1}{4}$ cents per bushel in addition to the rate for performing a somewhat less service than is performed at New York for the rate. The carrier to New York for putting the grain upon a barge and towing it to the side of the vessel receives the rate, whatever it may be, while the carrier to Baltimore or Philadelphia for a service equivalent to putting the grain upon the barge, without the added expense of lighterage, receives the rate and in addition $1\frac{1}{4}$ cents per bushel. This $1\frac{1}{4}$ cents amounts to more than the differential at Philadelphia, and, if the cost of lighterage be added, to nearly the differential at Baltimore. Apparently this has the same bearing upon the questions involved as has the element of distance.

The defendants do not justify these differentials upon the ground either of distance or cost of service. We do not express an opinion that they could be justified to their full extent upon either of these grounds. They certainly could not in the case of Norfolk and Newport News. But we do think that in this inquiry between the three localities, New York, Philadelphia and

Baltimore, in determining whether there is an undue preference, the advantage which Philadelphia and Baltimore possess in the way of distance should be considered, and that the same is true of the additional expense of delivery at New York.

The Advisory Commission of 1882 was apparently of the opinion that the most satisfactory test of these differentials was the result of their operation. Such must be the opinion of anyone who gives the matter careful attention. The problem is so complex, the factors which enter into it are so numerous and so impossible of exact estimation, that it is difficult of solution by any *a priori* process. Actual observation of the effect of these preferences is the best if not the only means of determining their fairness or unfairness. Complainant unhesitatingly accepts this test and asserts that from this phase of the case more plainly than anywhere else does the justice of its contention appear. Indeed it was the very marked falling off in exportations of grain through the port of New York which alarmed the complainant and led to the prosecution of this proceeding. It is to this aspect of the case that the testimony has been largely addressed upon both sides.

In 1882, about 65 per cent of all the exports from the United States exported through the Atlantic and Gulf ports passed through the port of New York. The same year 80 per cent of all the imports into the United States by way of these same ports came in at the port of New York. It will be seen, therefore, that during that year, being the year when the Advisory Commission pronounced upon the reasonableness of these differentials, New York practically engrossed the foreign trade of this country. A preliminary question is how far is the port of New York "entitled," or how far can that port expect to continue, to enjoy that commercial supremacy.

Plainly not to the same extent. It would be in accordance neither with the theory of our institutions nor with the history of the development of our nation to permit any one port upon our vast extent of seacoast to monopolize the trade with foreign nations.

Within recent years the United States government has expended in improving navigation to and at the port of Philadel-

phia about \$9,500,000; at Baltimore \$3,600,000; at Galveston \$8,500,000; and at New Orleans, or upon the Mississippi River, of which New Orleans takes the benefit, about \$8,000,000. These vast sums have not been appropriated and expended certainly upon the theory that it was desirable for the foreign trade of this country to flow through the port of New York alone. Rather does this recognize it as the policy of our government that its foreign commerce should be distributed between various ports.

Such is also the inevitable tendency of the development of our country. Hitherto that development has gone on in such a way that New York has been enabled to seize more of our export and import trade than would naturally belong to it. The lines of transportation leading to New York and the pecuniary interests concentrated at that point have been so strong as to divert both export and import traffic to that port which might naturally go to some other port. These same influences will unquestionably continue to have the same effect in the future, but not to the same extent. Other strong influences are beginning to operate in favor of other ports.

The distance from Chicago to New York is about the same as to New Orleans, and the water communication between Chicago and New York will, during certain seasons of the year at least, give New York an advantage as to traffic which fairly originates at Chicago. But a glance at the map of the United States shows that the grain-producing territory, much of it, lies between New Orleans upon the south and Chicago upon the north, and is most of it nearer New Orleans than New York. When this export corn moves to Chicago it moves away from New Orleans, or at least not towards it; and the same thing is true of much of the export wheat. The distance from Kansas City and St. Louis to New Orleans is less than two thirds that to New York. The Mississippi River and its tributaries give access to all this region.

A year ago the Commission inspected the terminal and harbor facilities at New Orleans. Its docks are already extensive and are capable of almost unlimited extension. There is no place in the United States, with possibly one exception, where grain can be transferred from the car to the vessel more cheaply than

here. The grade from the grain fields to these elevators is an easy one. The corporations which operate the lines of railway leading to them are strong and aggressive. They will undoubtedly demand a larger portion of that traffic which is tributary to them, and will gradually acquire more and more of it, and this in its turn will bring to New Orleans a certain amount of those importations which now reach New York. The same thing is and will be true of Galveston and other ports. New York cannot expect, therefore, to occupy the same relative position of supremacy with reference to our foreign commerce in the future that it has in the past.

This is indicated by actual results up to the present time. In 1882, of all wheat, corn and oats exported through Atlantic or Gulf ports, 51.1 per cent passed through New York and 5.8 per cent through the ports of New Orleans, Norfolk, Newport News and Galveston; while in 1896, 26.9 per cent passed through New York, and 31.3 per cent through the four ports above named. From one half the whole, New York has fallen to one quarter, and from practically nothing, these four ports have risen to about one-third.

It would, however, be unfair to the position of the complainant to state that it was insisting in this proceeding upon the right of New York, as against the whole country, to retain the proportion of the export grain traffic which that port has formerly done. In 1896 of the grain and flour exported through the six Atlantic ports, Norfolk had 7.5 per cent and Newport News 10 per cent. Until 1890 practically nothing had gone through these ports. Export business is done through them now because lines of transportation have been opened up and strengthened from the West to these points and extensive terminal facilities provided. Now it does not seem to be the contention of the complainant that a portion of the export grain ought not to pass over these lines and through these ports; nor is there any claim that these two ports should not be allowed the same differential, if any, as Baltimore. The complainant insists that each port is entitled to what it can fairly obtain, and that these differentials give to the southern ports an unfair advantage. The evidence of that is not that Norfolk and Newport News, owing to recently provided facilities,

have increased their grain exportations, but that Boston, Philadelphia and Baltimore have, under the operation of these differentials and without the assistance of any new advantageous conditions, gained as against New York. In other words, the complainant says that the fair test of these differentials is their actual working as observed at these four ports where the conditions have remained the same, and it is to these ports that they direct attention.

For the purpose of comparison the complainant has selected the years 1882, 1895 and 1896. The alleged reason for this is that 1882 was the year of the Advisory Commission when the present differentials were approved, and 1895 and 1896 the last two years next preceding this investigation.

The last half of Table No. 6 gives the percentages of exports of wheat, corn and flour, from New York, Boston, Philadelphia, Baltimore, Norfolk and Newport News for the years 1873 to 1896, inclusive. Those percentages for the years in question are as follows:

	1882.	1895.	1896.
Boston	9.6	13.1	12.7
New York	61.5	47.6	33.7
Philadelphia	7.5	7.	9.5
Baltimore	20.7	19.8	26.6

The complainant says that a comparison of 1882 with 1896 shows, roughly speaking, that New York has lost one half its export business, that Boston has gained one third, Philadelphia one fourth, and Baltimore one fourth. While that is the showing which results from a comparison of these two years, it is not a fair deduction from the table itself. In the first place 1882 is, of all the years since 1875, that year in which the percentage of New York was the largest, that year in which the percentage of Philadelphia was smaller than it had been for eight years before, and smaller than it was again for five years to follow; the percentage of Baltimore smaller than it had been for six years preceding, and smaller than it ever has been since, except in the year 1895, when it was a trifle lower.

Excluding from our consideration the year 1896, we observe that the percentage of New York in 1895 was larger than it had

been in 1894, 1892 or 1890, and but 12 per cent below the average from 1873 to 1896; that the percentage of Philadelphia in 1895 was smaller than it had been in any year since 1875, except the years 1888 and 1889, and 36 per cent below the average; that the percentage of Baltimore for that year was smaller than it had been since 1875 and about 13 per cent below the average. The percentage of Boston was more than it had ever been except in the years 1888 and 1884, and about 42 per cent above the average.

If, therefore, this case had been tried in the spring of 1896 instead of 1897, the tables being brought down to the close of 1895, instead of to the close of 1896, it would hardly be claimed that those tables disclosed any undue diversion of traffic from New York to either Philadelphia or Baltimore. Baltimore could have with truth asserted that its percentage for that year was smaller than it had ever been before and more below the average for the last twenty years than that of New York, while Philadelphia might well have said that its percentage for 1895 was less than one half what it had been in 1878 and 36 per cent below the average for the last twenty years. Boston alone would have been the gainer, but Boston has never enjoyed a differential.

But a comparison of the year 1896 with 1895, or indeed with almost any previous year, makes an entirely different showing, and the complainant insists that in this proceeding the results for the year 1896 are entitled to more consequence than those of any one or indeed all the previous years.

Its position apparently is that while these differentials nominally existed from 1877 down to January 1, 1896, they never were actually maintained until the latter date. Of course, the mere existence of these differentials, if they were not in fact collected, could have no effect to divert traffic one way or the other, and if we were satisfied that there had been no differentials in effect down to January 1, 1896, and that these differentials had gone into effect on that date and had since that time been rigorously enforced with the result upon the export traffic of these various ports which that year apparently exhibits, it would certainly present a strong case for the complainant.

We are not, however, as indicated by the findings of fact, satisfied that this is true. The testimony of the complainant con-

clusively shows that rates were not maintained in the year 1896. From that testimony it appears that grain could be purchased at Philadelphia and Baltimore at times for more than 3 cents per bushel below the price at New York, while at other times the price would be practically the same or occasionally in favor of New York. Now, the price of grain is determined by the Chicago market, and the price in these various ports is obtained by adding to that price the freight rate. The Baltimore differential is less than $1\frac{1}{2}$ cents per bushel. It follows, therefore, almost of necessity that these fluctuations indicate manipulations in the rate. When corn is worth the same price in Baltimore and New York the presumption is that the differential is not maintained, and when corn is worth 3 cents a bushel less in Baltimore than in New York the presumption is that a greater difference than the differential has been made. In support of its proposition the complainant relies mainly upon testimony of Mr. Blanchard, the commissioner of the Joint Traffic Association. Mr. Blanchard testified that he had been familiar with freight rates since before 1878 and that in his opinion those in question were better maintained beginning January 1, 1896, when the Joint Traffic Agreement went into effect, than they had been at any previous period except for the year or year and a half following the enactment of the Act to Regulate Commerce. This Act went into effect April 1, 1887, and if we were to give Mr. Blanchard's testimony its full effect it would still remain that rates were as well maintained in 1887 and the first part of 1888 as they were during the year 1896. This being so, and no reason being suggested to the contrary, it is fair to assume that the maintenance of the differential would have produced the same effect in 1887 and the year following that it did in 1896. We should expect to find, therefore, the same remarkable falling off at New York and the same increase at Baltimore and Philadelphia. But upon turning to complainant's Table No. 6 we find that the percentage of New York in 1887 was 53.9, an actual increase over the preceding year, and just about the average from 1873 to 1896 inclusive; that the percentage of Philadelphia was 10 per cent, an increase over the previous year but below the average; while that of Baltimore was 23.3 per cent, a falling off as to the previous year. During the

year 1888, while the salutary effect of the Interstate Commerce Law may be presumed to have still lingered, we find that New York had further increased its percentage to 54.2, while Philadelphia had fallen to 6.2, the lowest in her history, and Baltimore had risen to 24.5. The effect of enforcing the differential in 1887 and 1888 was apparently to raise rather than to lower the percentage of New York. We see no reason for giving the year 1896 any greater prominence than is given to every other year.

For the purpose of comparing the four ports Table No. 14 is perhaps the best. That does not include exportations of flour, but it has been already observed that flour and provisions are exported entirely by berth rate and an examination of the tables covering those articles shows that New York has little if anything to gain by an investigation into the movement of these commodities. From the nature of the case the differential produces the most effect in the movement of grain. This table, therefore, which embraces only wheat, corn and oats, is as favorable to New York as any can be. The years covered are 1878 to 1896, inclusive, so that the movement of these articles is exhibited over substantially the whole period during which the present differentials have been in operation.

An examination of this table shows in the first place that the percentages of these four cities vary from year to year, and that this variation, so far as can be observed, does not obey any rule or law. It might be thought, inasmuch as the differential operates especially in the case of full cargoes, and as full cargo shipments are more numerous when exports are large, that the percentages of New York and Boston would decline and the percentages of Philadelphia and Baltimore would rise in those years when the total exports were the largest, and this may be to some extent the case; but it appears that in 1890 and 1891 the total volume of exports through these four ports was almost identical while the difference in the percentage between New York, Philadelphia and Baltimore was nearly as great as in any other two years down to 1896. A study of these fluctuations emphasizes what has already been said in the findings of fact, namely, that the conditions governing the price of ocean freights and the movement of this grain are so complex that it is impossible to predict

from the knowledge of any one factor, like the quantity of the exports, what channel they will take.

It is apparent in the second place that it is altogether unsatisfactory to compare any single year with any other year and that any deduction from such a comparison is almost certain to be misleading.

Suppose the port of Philadelphia in 1888 had complained that the differentials in its favor were not sufficient and had cited in illustration the fact that its exports had fallen from 12.04 the previous year to 4.42 per cent that year, and that the exports from New York had risen from 60.59 to 65.58 per cent its case would have been almost as strong as that made by the complainant, and yet in the year 1890 the percentage of New York had fallen to 49.31, while that of Philadelphia had risen to 18.42, and that of Baltimore to 26.38. In 1891 New York had again risen to 63.75 while Philadelphia had fallen to 9.82 and Baltimore to 19.65; and in 1892 New York had once more fallen to 48.79, while Philadelphia had risen to 19.95 and Baltimore to 24.24.

A comparison of averages is somewhat more satisfactory. Table No. 13 embraces the ports of Portland, Norfolk and Newport News in addition to the four under consideration, and states the percentage of each to the group for the period of 1878 to 1881 inclusive, and from 1882 to 1896 inclusive. By reference to this it will be seen that the percentage of New York for the first period was 51.76 and for the last period 51.16; of Philadelphia for the first period 15.13 and for the last period 10.76; of Baltimore for the first period 25.05 and for the last period 23.20. These averages do not indicate any falling off in the case of New York and do indicate a very large falling off in the case of Philadelphia and a slight decrease in the case of Baltimore.

None of these tables are absolutely correct, nor are they in all cases quite consistent with one another. It is also possible to marshal these figures in such a way as to point to radically different conclusions. Generally speaking, however, the tables do agree in their main features, and the trend of all these statistics is to the same conclusion. Taking the whole period together from 1878 down to the end of the year 1896, it is pretty apparent that of these four ports as compared with one another Boston has been

a decided gainer, Baltimore has made a small gain, while New York and Philadelphia have both lost, and as between these two, Philadelphia has been the greater loser. Compared with the entire group New York has lost.

If, instead of considering the entire period, we were to take the year 1896 alone, the result would be entirely different, but it has been already said that no special prominence can be given to that year over any other year, certainly not over the years 1887 and 1888. One very great embarrassment in disposing of this case arises from the feeling that these rates have not been maintained, and that there is no reliable indication in actual practice of what the effect of the differentials would be if strictly enforced. This is no reason why we should not alter the differential if it was found to be wrong, for we must assume that the published rate is collected, but when the effect of the differential is relied upon to show the wrong, and it is claimed that the differential has been enforced in a particular year and has not been enforced in other years, that fact must be clearly established.

The results of the year 1896 show a very unusual percentage in favor of Baltimore and a large increase in favor of Philadelphia, and it is our impression that these two ports will perhaps obtain in the future rather more than their average for the last twenty years. But this impression is based not upon any deduction from these tables but upon the further impression that the lines leading to Baltimore are in a position to demand more of this traffic than they have obtained at least in recent years, and that the port of Philadelphia will not, when the improvements in the Delaware River give it deep water to the ocean, and perhaps ought not to rest content with the small amount of foreign trade which it has enjoyed in the past. If these ports gain, it must be largely at the expense of New York.

Now, upon the whole situation, does the complainant make out a case? Can it be said that these differentials unduly discriminate against the locality of New York? We have stated it as our impression that the difference in ocean freight rates at the present time was something less than the amount of these differentials, and that the gradual change of conditions since 1877 makes the differentials of more effect to-day than when they were instituted.

These two circumstances would point strongly to the conclusion that they ought to be modified. There is, however, one other circumstance that should be noticed in this connection.

These differentials apply upon all classes of freight and accordingly upon all commodities. In the very nature of the case they cannot be abstractly just, but only fair in the aggregate result. Their purpose is to give to each line its fair share of export business. Many other commodities are exported besides those embraced in this proceeding. In case of grain the freight rate is a very large factor in its value, while in case of other exports it may be insignificant. A differential which determines the route by which grain shall be exported would have no effect whatever upon some other article. These higher grade exports go almost entirely to the port of New York, from which they find quicker service to all parts of the world, and from which they can only find communication with many parts of the world. Now, if the quantity of these exports, which the differential does not divert to Baltimore or Philadelphia, has been increased in late years, it is manifest that this offsets to that extent any increased diversion of grain to the outports. The freight rate which these other exports pay is higher, and it is therefore more for the interest of the carrier to transport them. The ocean rate is also higher, and the advantages to the port of New York in the way of attracting shipping are probably greater than arise from the exportation of grain. So it is by no means certain that more grain ought not to go through the outports to offset the increased exports of other kinds from New York.

That this may be so is indicated by Table No. 9, which gives the total quantity of traffic forwarded by all lines to these four localities for the years 1888 to 1896 inclusive. From this it appears that during these eight years the total number of tons had increased 42 per cent in the case of Baltimore, 97 per cent in the case of Boston, 63 per cent in the case of New York, and but 2 per cent in the case of Philadelphia. These figures include both domestic and foreign traffic and are not therefore of great significance as bearing upon this question, but they show that traffic over the lines leading to New York has, during the last eight years, increased more in proportion than that over those leading to Baltimore and Philadelphia.

Table No. 15 perhaps bears more directly upon this suggestion. This table gives the percentages of the value of all exports from Boston, New York, Philadelphia, Baltimore, Norfolk and Newport News from 1878 to 1896 inclusive. From this it appears that New York exported in 1878, 69.26 per cent as against 60.34 in 1896; Philadelphia 9.42 as against 7.68; and Baltimore 9.63 as against 11.63; it further appears that the percentage of New York in 1892 was but 59.97 while in 1896 it was 60.34. From this it seems that New York exported in 1896 almost the same proportion in value that it did in 1878, and that its percentage that year notwithstanding the very great falling off in grain exportations, was more than it had been in at least one previous year and substantially the same as it had been since 1890.

It seems to be true that New York is in a measure losing its export grain business. But does it follow upon the testimony in this case that this is due to the operation of these differentials?

It must be borne in mind that the grain of New York does not reach that port from the interior exclusively by rail. The canal has brought in the past a very considerable portion of that traffic, and it is to this water communication between the West and the East that New York has largely owed its predominance in the foreign trade. Now, these differentials have nothing to do with grain moving by canal. Their purpose is merely to divide fairly between the different competing lines the export business which moves by rail. If for any reason the canal were to be entirely shut up so that no grain could be transported by it, it would by no means follow that all the grain which had formerly come to New York by canal ought now to come there by rail. Quite the contrary. This canal traffic ought now to be distributed in the same proportions over the various lines leading to the different ports. New York has no vested right in the having of so much grain shipped to that port. The canal has been a most important element in her commercial supremacy. If that element drops out, she must expect to lose that portion of her supremacy which was due to it.

The first half of complainant's Table No. 6 shows the percentage of all wheat, corn and flour in bushels transported to the six ports in question, from the year 1873 to the year 1896, inclu-

sive; and with reference to New York these percentages are stated both by rail and by canal. Thus, in 1877, when these differentials were agreed upon, the rail carriers transported to New York 25 per cent and the canal 26.5 per cent of the entire amount going to all the ports, and for the whole series of years the rail lines have averaged 32.4 per cent and the canal 19.6 per cent. In the year 1896 the rail lines carried 30.3 per cent and the canal 6.3 per cent, that is, of the great falling off at New York, the bulk of it was in canal carriage. If the canal had transported in 1896 the same percentage that it did in 1877 the grain exports through New York would have been relatively larger that year than the average, and if it had transported even the average quantity, they would have shown no remarkable falling off.

As already suggested, these differentials are intended to secure to the rail lines a proper distribution of this traffic, and we find that under their operation in 1895 those lines carried to New York a larger per cent of all the traffic to these six ports than they had ever carried save in the year 1891, which was substantially the same. Can it be said, therefore, that their operation as applied to the traffic which they properly affect, has been unfair in the result? The great supremacy of New York in the past has been measurably due to its canal. If it would hold that supremacy in the future, it must give attention to that same waterway. The testimony of Captain Depuy as to excessive elevator charges upon canal grain is not material to this investigation, but it is extremely suggestive in connection with the facts above referred to. If the canal were to be restored to-day to the same position in this carrying trade that it has occupied in the twenty years past, the commerce of the port of New York could not suffer.

The Baltimore differential presents the most difficult question. To every practical intent the cost of ocean freights from Baltimore is no greater than from Philadelphia; nor did it appear that Philadelphia afforded other advantages over Baltimore in the transaction of this export business. What ground is there then for a distinction between those two ports?

The representatives of Baltimore strenuously insisted that the proximity of that port to the corn area was such that, by reason of the greater advantage in the way of distance, it was entitled to

more of this business. An examination of Table No. 14 shows that in recent years at least the percentage of corn exports through Baltimore has been larger than of wheat. The great advantage of Baltimore in 1896 rested in the very great increase of corn shipments. It is a significant fact that the distance differentials which were in force for a short time in 1877 seem to have been unsatisfactory to the New York lines, not because the difference in the percentage of the distances from Chicago gave to Baltimore too great an advantage, but because the distances from other points were in favor of that city. The differential which Baltimore obtained upon the Chicago rate by the distance differential was almost exactly what was obtained under the arbitrary differential, but when the distance differential was applied to all points from which traffic originated, Baltimore seems to have profited to such an extent thereby that this system only remained in force for a very few months. This would indicate that possibly the traffic does originate at points relatively nearer Baltimore than is Chicago. How far this fact may be recognized in the present system by which rates from western points are based upon a percentage of the New York-Chicago rate, does not appear.

The testimony tended to show that the corn exported at Baltimore did not come from Chicago, but was intercepted before it reached that market. If, in point of fact, Baltimore is in closer proximity to the corn fields from which these exports come, and if the lines leading to that port have secured recognition of that fact in these differentials, we certainly should not disturb them, for they are a recognition of an advantage in location to which Baltimore is fairly entitled.

No claim is made as between Baltimore and Philadelphia, that the present relation should be disturbed. As between those two cities and New York, it might not be altogether easy to say whether, on the case presented, the Philadelphia differential should be raised or the Baltimore differential lowered. It might be that in justice to the city of Philadelphia we ought to make that differential more rather than the Baltimore differential less.

It must be remembered, moreover, that to the solution of this question no absolute standard can be applied. In recognizing

competitive conditions of this kind the carrier has a certain latitude within which this Commission cannot interfere. It is only when that limit is exceeded and when the action of the carrier becomes undue that we can act. In the last utterance of the United States Supreme Court on this subject, *Interstate Commerce Commission v. Alabama Midland R. Co.*, 168 U. S. 144, 42 L. ed. 414, it was held that the Alabama Midland Railway might charge a higher rate to Montgomery, the more distant point, than it charged to Troy, the nearer point. This was upon the ground that Montgomery was a railway center and that the competitive forces at that point might be recognized in the making of rates. Suppose now that the Alabama Midland Railway Company had elected to charge the same to Montgomery and to Troy, could the locality of Montgomery have insisted, in a proceeding before this Commission, that Montgomery was entitled to a better rate than Troy? Clearly not. Whether the carrier will or will not meet those competitive conditions and to what extent rests primarily with it, and its action in that respect is not subject to review by this tribunal so long as it is due and reasonable. Whether it is due or reasonable is, however, a matter of judicial investigation and determination by the Commission and the courts.

While there is much in the case to induce a different conclusion, and while we have arrived at this conclusion with a good deal of hesitation, we do not think that, upon the present record, the carriers have exceeded the limit within which they are free to determine for themselves. The principle upon which these differentials have been established is legitimate. Looking to the basis of the differentials themselves, while there is much to indicate that they should, perhaps, be somewhat modified, it cannot be affirmed with certainty that they are wrong. Considering their effect as exhibited through a long series of years, it is impossible to say that they have exercised any untoward or unnatural influence upon traffic. We do not think, therefore, that they should be disturbed by us.

The Act to Regulate Commerce does not aim to fetter competition, nor interfere with the natural flow of trade and commerce. One cardinal object of that Act was to secure perfect freedom of competition among the carriers themselves. It is only when that

competition becomes tyrannical, so to speak, when in the competitive struggle localities, commodities, individuals are in danger of being crushed that the law steps in. In the very nature of things it can seldom happen that the powerful commercial center has occasion to invoke the law for protection against its weaker rivals. The lines which extend to the port of New York are numerous, powerful, and aggressive. It is difficult to believe that those lines will ever suffer any great or permanent injury to the commerce of that port, when in permitting that they must submit to a depletion of their own revenues. It might happen that some combination of these lines, for the purpose of promoting their interests at some other point, would sacrifice the port of New York, or that for the purpose of promoting their interests as to some other kind of traffic they would sacrifice this particular traffic. If anything of that sort were apparent, if there seemed to be anything arbitrary, anything unreasonable, any undue preference against this locality or this species of traffic, it would be our duty to correct it. But there is nothing of that kind and we can do no better than to leave this matter where competition has left it.

In coming to this conclusion we have perhaps been somewhat influenced by the fact that the consequence of an error in this direction is not as serious as one in the other direction might be. The pecuniary importance of these differentials to the carriers interested has already been suggested. Their importance in the distribution of traffic may be even greater. If it were possible to abolish them altogether and absolutely enforce the same rate to all these ports, it might so deplete the revenues of lines to southerly ports as to render practically valueless the outlay of enormous sums spent in their development. Upon the other hand, if we wrongfully refuse to interfere, it simply follows that foreign trade which ought to pass through New York is diverted to some rival port. This, considering the manner in which this export grain business is conducted, does not mean the breaking down or the building up of any industry. It destroys no capital invested, it renders no dock and no ship useless. At the most, it simply determines where some new dock shall be built. If this were a question of an unreasonable rate, where the thing com-

plained of was the exaction of more than a just compensation by the carrier, where whatever the carrier gained unjustly was necessarily paid by the public, the consequences of an error would be more evenly balanced.

Again, if we have made an error, it is in favor of the weak and against the strong. New York may have lost somewhat in the matter of its foreign commerce, but it is still immeasurably in advance of all rivals. As appears from Table No. 19, which is brought down to January 1, 1898, in the year 1897 New York had 47.43 per cent of all the exports moving out through the Atlantic and Gulf ports of the United States and 74.06 per cent of the total imports moving in through those same ports. It is almost impossible for us to feel that a locality which engrosses one half of all the exports and three fourths of all the imports upon the Atlantic seaboard can justly complain of any undue diversion of its commerce. The population of Greater New York is said to be about 3,000,000; the population of Philadelphia, distant less than 100 miles, is 1,200,000. In 1897 the imports of Philadelphia were about one tenth and the exports about one eighth of those at New York. Can it be said that Philadelphia is unduly preferred to New York in respect to this foreign trade?

Nothing has been said in the disposition of this case touching the ex-lake differentials as such. These apply, it will be remembered, to traffic originating in the West, brought by water to various points upon the southern shore of Lake Erie or corresponding points and from thence transported by rail to the ports in question. The complainant insists that whatever may be said of the all-rail differentials these are absolutely indefensible since the distances to Baltimore, Philadelphia and New York are practically the same.

If the justification for the all-rail differentials were found in differences of distance, that would be true. It appears, however, that while distance is an element which may be taken into account in inquiring whether those differentials are undue and unreasonable, it is not the ground upon which they are made. This ex-lake traffic originates at the same points with the all-rail traffic and is, therefore, properly regarded as competitive. Looking to the differential itself, we find that no distinction is made between

Baltimore and Philadelphia, thus removing what seemed to be the most serious objection to the all-rail differentials. We also find that the amount in one hundred pounds is but 1 cent against New York. There are in force commodity rates on grain by the bushel which, when translated into rates by the hundred pounds, amount to about $1\frac{1}{2}$ cents per hundred pounds against New York, upon wheat, corn and oats. This probably does not exceed the difference in cost of ocean carriage. If, therefore, our decision in reference to the all-rail differentials is correct, it seems to follow all the more that the ex-lake differentials should not be disturbed by us.

Neither have we considered the legality or propriety of the Joint Traffic Association, for the reason that those questions are not involved in this proceeding. If that association is in violation of some other statute of the United States, we have nothing to do with it. If it is in violation of the fifth section of the Act to Regulate Commerce, as a pooling arrangement, then we might upon proper proceedings order the carriers to cease and desist from further maintaining it. Such is not directly nor indirectly the scope of this proceeding. The existence and methods of that association could only become relevant in this case with a view to finding and enforcing a remedy if one was called for. Since we have found no infraction of law, no remedy need be sought, and all questions in regard to that association become immaterial.

In arriving at these conclusions the year 1896 has been treated the same as previous years covered by the investigation. If the diversion of export grain from the port of New York, which is shown to have taken place in that year, should continue in subsequent years, and it should appear with reasonable certainty that the published rates had been maintained to all the ports, the actual effect of these differentials upon the movement of grain could be determined with confidence and a different question would be presented, which might merit further consideration, and of which the disposition of the present case would not be controlling.

The complaint is dismissed without prejudice.⁴

⁴ 7 I. C. C. Rep., 656-85.

In 1905 the Atlantic ports, Baltimore, Philadelphia, New York, and Boston, again found themselves in a controversy over the matter of port differentials. The carriers particularly interested in certain ports supported the claims of its commercial center, of course. On voluntary submission of the controversy to the Commission by all parties, domestic traffic was excluded from consideration. The Commission held that the differentials on flour should be reduced to 2 cents per 100 pounds at Baltimore and 1 cent at Philadelphia, and that the differentials on ex-lake grain through certain Erie ports should be reduced to three-tenths of a cent per bushel and be allowed both to Baltimore and Philadelphia, and that otherwise the port differentials current at that time should remain in force. The Commission overlooked the fact that the weight of oats per bushel is approximately one-half that of wheat, and in a memorandum attached to the decision it was suggested that the differential on oats should be reduced. The decision was written by Commissioner Prouty, who had rendered the earlier decision quoted from above. It is interesting to note that his later decision was based not on whether the differentials were lawful, as in the former case, but whether they were fair considering the interests of all parties. With this in view the slight modifications of the differentials on grain and flour are in keeping with justice and are the changes that might have been expected. Commissioner Clements, however, dissented on the ground that the Commission should not prescribe the differentials but should leave that adjustment to competition. The facts and principles underlying this controversy are so well set forth that the conclusion of Commissioner Prouty is reproduced in full.

CONCLUSIONS.

The controversy before us relates to what are known as the "Port differentials" and is one of long standing. The dispute began when rival lines of railway first connected the west with the four Atlantic ports involved. It has produced numerous rate wars, has been the subject of arbitration, has been considered by this Commission upon complaint of one locality and is now under investigation by us again at the general request of the four ports especially interested and of many interior shippers.

The question itself is readily comprehended. That section bounded on the east by a line drawn from Pittsburg to Buffalo, on the south by the Ohio River, on the west by the Mississippi River and on the north by the Great Lakes and a line drawn west from Chicago to Dubuque is known as differential territory. Rates between points in this territory and New York city are based upon the Chicago-New York rate; that is, the rate between any point in this territory and New York is either the same as the Chicago rate or a certain percentage of that rate. To other points upon the Atlantic seaboard the rate is higher or lower than that to New York by a given number of cents per hundred pounds. Rates upon all classes and all commodities, with the exception of grain and iron articles, are 2 cents lower to Philadelphia and 3 cents lower to Baltimore than to New York. To Boston rates are the same as to New York on export traffic while on domestic traffic they are higher by arbitrary amounts ranging from 7 cents per hundred pounds on first class to 2 cents on sixth class and most, if not all, commodities. These arbitrary differences above or below the New York rate are termed in this proceeding differentials. No question is made as to the propriety of these differentials on domestic traffic but it is insisted that they should not be allowed on export business.

It should be observed that while these differentials apply in theory only to traffic from differential territory they in fact apply to all traffic which passes through this territory. A glance at the railroad map of the country shows that this includes virtually all traffic which, originating west of Buffalo and Pittsburg, passes out through the Atlantic ports north of Norfolk;

and it will further be seen by reference to the tables given in the findings of fact that this embraces a very considerable part of the rail movement by which our entire exports reach the seaboard.

When the Commission examined this subject in the *Produce Exchange Case*, 7 I. C. C. Rep. 612, its only function was to determine whether the Act to Regulate Commerce had been violated. Our relation to the subject to-day is a broader one, certainly if we comply with the request of the petitioners at whose instigation this proceeding was instituted. We are to say, not whether these differentials are lawful merely, but whether on the whole, considering the interests of all parties, they are fair. Counsel for the city of New York in commenting upon this remarked that this controversy might, therefore, for the first time be settled upon correct fundamental principles. We have endeavored to find some fundamental principle by the application of which this dispute might be laid at rest, but entirely without success. It is said that a fair differential is one which would give to these several ports the traffic to which they are entitled. It is also said that these several ports are entitled to what of this traffic they can obtain under a fair differential. New York urges that its facilities upon the ocean must not be interfered with, while Baltimore and Philadelphia assert with equal positiveness that they must not be deprived of their advantages upon the land. While there is no fundamental principle, however, which can be applied there are certain fundamental considerations which should be kept in mind.

If it can be properly done, these ports should all be kept open for the transaction of this export business upon such terms that each one may fairly compete for it. No marked advantage should be given, certainly not by the creation of artificial conditions, to any one port over the other. The ideal condition would be the establishment of such rates that enterprise at either port in the way of improvement in service or facilities might be rewarded by increased business and that there might exist that healthy struggle of locality against locality which is the best security for proper commercial development. This is justly demanded by the interests of the communities involved.

In disposing of this question the interests of the carriers which serve these communities should be none the less kept in view. If, again, it can be properly done, these rates should be so adjusted that this competitive traffic will be fairly distributed between the different lines of railway which serve these ports. Each one of these four cities is reached by two or more great railway systems. The prosperity of these cities and systems cannot be separated. The ability of a railroad to adequately discharge its duty for a reasonable charge depends upon the business which it can obtain, and no one of these systems should be deprived of its fair portion of this enormous export traffic. The purpose of these differentials from the first has been to distribute this business between the different carriers and we said in our former report that this was not improper unless the means used were improper.

It should be noted that this discussion is confined entirely to the four ports, Boston, New York, Philadelphia and Baltimore. While others are directly affected by these differentials they have not been represented upon this hearing and are not considered except in so far as it may be necessary to keep in mind the effect of our conclusions here upon conditions elsewhere.

No fact has been more persistently urged upon our attention than the location of Baltimore and Philadelphia, as compared with New York and Boston in point of distance. Baltimore is 111 miles and Philadelphia 90 miles nearer than New York to Chicago. The greater part of the traffic to which these differentials apply does not originate at Chicago, but we have seen that Chicago may be taken as a representative point of origin without injustice to New York. This difference in distance, if there were no competitive conditions, would justify a lower rate to Philadelphia and a still lower rate to Baltimore.

These differentials have undoubtedly been established in the past with a view almost entirely to their influence upon the movement of export business. It is, however, of importance that rates between these cities and the West should be fairly adjusted with respect to domestic traffic. If the supplies with which the artisans of Baltimore work and upon which the population of Baltimore lives are transported for a less cost from the West to

Baltimore while the products of its factories are sent back at a less cost to be consumed in the West, this would be an important element making for the prosperity of that locality as compared with other localities where the cost of transportation was more. Now if there had been no export business in the past, if these domestic rates had been adjusted solely with a view to what was right between the communities, it is altogether probable that the differentials in favor of Baltimore and Philadelphia would have been even greater than they are to-day. When the differential on grain was reduced in 1899 and again when that on iron articles was halved in 1904, the former differences on domestic rates were left in effect. There can be little doubt, and we have so stated in the findings of fact, that a fair recognition of the advantage of these two southern ports in the matter of distance would entitle them to as great a differential as three cents to Baltimore and two cents to Philadelphia.

It should be further noticed that not only have these communities, when considered as points of final destination, a right to a lower rate than New York on traffic from this territory, but the carriers which transport that traffic may properly exact from shippers to New York a higher rate, if they see fit. The Pennsylvania Railroad is the short line to New York. Traffic over that line for New York passes through Philadelphia and 90 miles beyond. The expenses of delivery at New York are materially more than in Philadelphia. There is no just principle which would compel this company against its will to apply at New York the same rate as at Philadelphia when the cost of rendering that service is distinctly greater. It might as a matter of competition see fit to do so, but it could not with justice be compelled to.

If these differentials fairly recognize the advantages of Baltimore and Philadelphia, upon what theory can they be reduced or abolished? It is said that these cities labor under certain disadvantages in the way of water transportation as compared with New York and Boston. Now, what can be more just than to give to each port the inland rate to which its location entitles it and to let it obtain such portion of this export traffic as its ocean facilities can win for it? Does not this award to each locality

the exact benefit of its location and is not any other rule to an extent unjust?

The answer is found in the fact that this traffic does not stop at the seaboard but is carried to foreign destinations. The port of export is but a single station as it were upon the through line.

This traffic in point of fact originates at a great number of interior points and reaches numerous foreign destinations, but we may assume for the purpose of illustration that it all comes from Chicago and all goes to Liverpool. It is apparent that it may be transported between these points by any of the four ports in question. The distance by rail is somewhat shorter to Baltimore and Philadelphia than to Boston and New York. Upon the other hand the water distance is somewhat less from Boston and New York than from Philadelphia and Baltimore. The entire through distance does not greatly vary. In other words this traffic is fairly competitive and rates ought, therefore, to be so adjusted that rival routes can fairly compete for it.

Apply for a moment the rule suggested by Baltimore and Philadelphia to the movement of this traffic. The domestic rate to Baltimore is three cents lower and to Philadelphia two cents lower than to New York. The domestic rate to Boston is two cents higher than to New York upon low grade freight and considerably more upon the higher classes. Now, what would be the result if carriers were compelled to charge their domestic rates upon export traffic? Plainly it would shut up the port of Boston. This fact has been obvious from the first, and it has always been conceded that export rail rates to Boston might be lower than domestic rates and not higher than export rates to New York. This was so specified in the agreement of 1877. It was recognized as necessary by the award of the Advisory Commission. It has been formally approved in two instances by this Commission; *In the Matter of the Export Trade of Boston*, 1 I. C. C. Rep. 24, 1 Inters. Com. Rep. 25; *Kemble v. Boston & Albany Railroad Company*, 8 I. C. C. Rep. 110. Nothing can be more certain than that these inland rates upon export traffic should be treated as a part of the entire through rate.

The real question is on what basis shall rates be equalized through the various ports. New York and Boston insist that

the through rates should be made the same in amount by all the ports. The through rate is made by adding together the inland rail rate from the interior to the port of export and the water rate from the port of export to the foreign destination. These localities contend that if the water rate from a given port is higher the rail rate to that port may be correspondingly lower, but only sufficiently lower to make the through rate the same. They further contend that water rates are in fact substantially the same from Baltimore and Philadelphia as from Boston and New York, and that, therefore, the inland rail rates to those ports should also be the same. Baltimore and Philadelphia urge that there are certain advantages at New York and Boston in the water route which upon the same through rate would attract traffic to those ports at their expense, and they urge that these advantages shall also be equalized so that not the through rate but the advantages of transportation through the several ports shall be made equal.

The purpose is to permit these carriers and the ports which they serve to compete for this traffic. The rates are to be so adjusted that there can be fair competition for this business via all the ports, so that no one shall possess a distinct advantage over the other. To accomplish this result Boston is allowed to charge a lower export rate than its domestic rate. New York is also permitted in some instances to apply a lower differential to export than is fixed for domestic traffic. Now, when New York is allowed to reduce this differential on export traffic there is taken away from Baltimore a part of its natural advantages for the benefit of New York in order that New York may compete for this traffic. But just as Baltimore has an advantage in distance, so New York has certain advantages in ocean facilities. If now Baltimore is required to sacrifice its superiority upon the land for the benefit of New York why should not New York be required to give up some portion of its superiority on the water for the benefit of Baltimore?

We do not wish to be understood as saying that this principle should be extended to the making of rail rates between competing lines. It may be that in such case the rate by every line should be the same and that each line should sustain whatever

disability it has. If in this case it were possible to definitely establish the same through rate by all these ports, if it ever had been possible to do so, the advisability of such an adjustment would deserve serious consideration. It is, however, impossible to apply that rule in fact. The ocean rate from every port is continually fluctuating and is seldom the same for two days in succession. It even varies from hour to hour. The rate may be higher from Baltimore to-day and from New York to-morrow. It cannot, therefore, be determined what inland differential would produce equal rates through all the ports.

It would be impossible to make the same rate through all these ports unless some system like that applied by southern lines to the exportation of cotton were adopted. Under that system there is a published inland rate to the several ports, but that rate is seldom observed. The ocean rate from the various ports is ascertained. To this rate is added the published inland rate from a given point to the various ports and the rate is said to "make" by that port which has the lowest combination. Any carrier is now at liberty to apply this combination through any other port, paying whatever it may find necessary for ocean transportation from that port and retaining the balance of the quoted rate for its own service. In this way, rates are in theory the same via all the ports.

No such system could be applied to this traffic through the ports in question without dire confusion. Under it there can be no such publication of the rate as is required by the Act to Regulate Commerce. There can be no maintenance of a fixed inland rate. The traffic must in all cases be moved upon a through bill of lading and the destination must be known when the rate is quoted and the traffic billed. In actual practice grain moves to the seaboard for export before it has been sold abroad, and it was stated upon this hearing that the same was true of flour. There is no suggestion that such a system could or would be adopted, and without it an equal through rate is impossible until ocean rates are named and maintained in the same way that inland rail rates are.

While, however, it would be impossible to secure by the application of any inland differential the same rate through all the

ports it would be possible to say with confidence that if this were the proper basis of making the differential the present differentials are too high, for they undoubtedly exceed the difference in ocean rates. In our opinion they always have from the very first. While the Thurman Commission reported that rates from Philadelphia and Baltimore were higher than from New York by an amount substantially equaling the differentials, Mr. Fink, a much closer observer, with much better means of information, stated in his report of 1881 that the difference in ocean rates was only about one-half the differential from Philadelphia, and something more than one cent less than the differential from Baltimore. This Commission found upon the former hearing that the difference in ocean rates did not equal the differentials. We have now expressed the belief in our findings of fact that for the last seven years the difference in ocean rates has been materially less than the differentials. During all this time the inland differential has been in effect and for the last two or three years it has been strictly observed. It must follow, therefore, that the rate through Baltimore and Philadelphia has been distinctly lower than the rate through New York.

During all this time the ocean rate has been the result for the most part of free competition. Ships from Baltimore have obtained the highest rate possible. If inland differentials were made the same now to all these ports what must happen? Clearly the ocean rate must be lower from Baltimore and Philadelphia than from New York, for the through rate must be lower. There is no reason to suppose that an equal rate would take traffic in the future which has only moved on a lower rate in the past. The real question is, therefore, whether ships would continue to come to Baltimore and Philadelphia if they were obliged to accept lower rates from those ports than obtained from New York.

It is not to be supposed that every ship would leave Baltimore and Philadelphia at once, nor that every ship would ever forsake those ports. But vessels are not like railways; they can be taken to the best market. It fairly appears that in order to attract shipping, the ocean rate must be somewhat higher from Baltimore and Philadelphia than from Boston and New York. The reasons for this have been stated in our findings of fact and need not be repeated.

It has been said that equal rates through all the ports have never prevailed. To this the operation of the minimum freight agreement affords a brief exception. From January 1, 1902, until May 26, of the same year, rates from all the ports to Great Britain were the same, so that the through rate was lower via Baltimore and Philadelphia by the full amount of the differential. On May 26, ocean rates from these ports were advanced by the amount of the differentials, thus making the through rate from the interior point to the foreign port the same, and this continued in effect for a few weeks. At the expiration of that time a readjustment of ocean rates was made so that the through rates via Baltimore and Philadelphia were lower than through the ports of New York and Boston by about one-half the differential, differing somewhat with different commodities. So far as this experience proves anything, it seems to show that while rates were lower through Baltimore and Philadelphia by the full amount of the differentials, traffic was unduly diverted from Boston and New York and that when the through rate was made the same via all the ports there was an undue diversion to New York.

In view of the fact that Baltimore and Philadelphia have natural advantages in location, that Boston and New York have certain natural advantages in the way of ocean facilities, that it is impossible to make and maintain the same rate through all the ports, we think the true inquiry in adjusting this differential is, what will equalize the advantages of transportation through these various ports. What part of the advantage which Baltimore and Philadelphia enjoy on the score of the inland haul shall they be allowed to retain to compensate them for their disadvantage in the water haul?

The most important factor in determining the route is undoubtedly the rate. It was said in testimony upon the former investigation and has been repeated in this that a difference of from one-fourth to one-eighth of a cent a bushel will determine the port by which grain shall be exported. Other traffic is not equally sensitive, but it must follow with respect to this low grade freight that the through rate by all lines should be substantially the same. There are, however, other considerations.

The item of insurance, quicker and more reliable service, more frequent sailings, the ability to reach a greater number of ports, superior banking facilities and better storage facilities all influence the movement of this traffic and in all these respects New York is superior to its competitors. The elements which enter into the problem are so various and so complex that it is manifestly impossible by any *a priori* process of reasoning to determine what inland differential will equalize all these advantages and disadvantages. This was the conclusion of Mr. Fink, of the Advisory Commission, and of this Commission upon the former investigation. It is our conclusion now. The best that can be done is to examine the effect of these differentials. They have been in operation for almost thirty years. They have not been during a large portion of that time strictly observed, during some portions of it probably not much observed; but there has been running through the whole period what amounts to an average observance, and for the last two or three years they have been well maintained. What does the result fairly show? Does this competitive traffic move through these ports freely or do these differentials give to Baltimore and Philadelphia a distinct and unfair advantage over New York and Boston?

In the examination of the statistics showing this movement, certain things should be kept in mind.

The total amount exported through these ports must decrease as compared with the total exports of the whole country. A glance at the map of the United States will show that the points at which these exports originate are much nearer the Gulf than the Atlantic ports. In the early days of this business the South was prostrate from the effects of the Civil War. It had no railroads worth the name. Today many lines of railway connect the grain fields and packing houses of the West with Galveston and New Orleans and the gradients and cost of operation upon those lines are such that traffic can be transported almost as cheaply per mile as to the Atlantic seaboard. These railroads are bound to carry a large part of this traffic to the Gulf. An examination of Table No. 3 shows the extent to which our grain and flour exports are being diverted from the Atlantic seaboard to the Gulf ports. Again within a comparatively few years

Norfolk and Newport News have become important ports of export. Strong lines of railway have reached deep water at these points, have provided extensive facilities for the handling of this business, and will certainly insist upon a portion of it.

The history of the Erie Canal has an important bearing upon this question. In the early days of the export grain movement the Great Lakes and the Erie Canal formed the cheapest avenue of transportation to the seaboard. At one time more than half the grain which reached the city of New York came by canal. It was that which gave New York its prominence as a grain exporting port. Today the canal has almost ceased to be a factor in this situation and the effect of this upon the exports of that port must not be overlooked. As we suggested in the former case, New York has no vested right to the handling of this grain. The railroads which serve New York can no more claim to carry the grain which formerly went by canal than those leading to Philadelphia and Baltimore. With the dropping out of the canal there disappeared a factor which made powerfully for the port of New York. When the improvements to the Erie Canal which are contemplated are completed so that that water-way becomes once more an actual carrier of traffic, the effect will undoubtedly be to greatly increase the exports of grain and flour from that port in comparison with the other three ports involved in this hearing.

No comparison by single years is of much value. The causes which operate to induce a considerable movement of grain through one port and not through another are so various that no inference can be safely drawn from the history of a single season. The failure of a crop in a particular locality; the presence of large quantities of other freight at a particular port may have this effect. The last year upon which we had the statistics on the former hearing was 1896. New York stood aghast at the falling off in its exports of grain for that season. The differential continued the same through 1897 and 1898, and yet we find that the percentage of New York had returned by the latter year to substantially its normal figure. Counsel for New York stated that the effect of the ex-lake differential was especially noticeable and yet it will be seen upon referring to Table No. 9 that in

1897 when the differential of one cent a bushel established by the Joint Traffic Association was in effect, Philadelphia obtained but 11 per cent of the ex-lake grain, being the smallest with the exception of 1895 for the twelve years given in that Table.

An examination of these statistics seems to show that, beginning with the year 1878, the first full year after these differentials had been established by the agreement of 1877, and coming down to the year 1894, New York has sensibly declined in comparison with the four ports considered as a whole, and that each of the other three ports has somewhat increased in comparison with New York. Boston at first gained, but for the last eight years has lost; Philadelphia at first lost and latterly has gained; Baltimore has fluctuated at different times, but on the whole is a substantial gainer. The decline of New York is, however, largely associated with the falling off in its canal traffic; thus, in the year 1878 the total number of bushels of wheat, corn, and flour, in bushels, exported through New York, Boston, Philadelphia, Baltimore, Norfolk, and Newport News, was, according to a table quoted in the brief of New York, 175,000,000, in round numbers. Of this New York exported 54.1 per cent; Boston, 6.8 per cent; Philadelphia, 16.7 per cent; Baltimore, 22.3 per cent; Norfolk and Newport News, nothing. In the year 1903 the exports through the same ports were 135,000,000 bushels; of which New York had 37.5 per cent; Boston, 9.6 per cent; Philadelphia, 17.4 per cent; Baltimore, 28.1 per cent; Norfolk, 1.1 per cent; and Newport News, 6.3 per cent. In 1878 the canal brought to New York 64,000,000 bushels, while in 1903 it brought only 13,000,000 bushels. New York is still well in advance of any other one port. In the year 1903 it exported 44.4 per cent of the grain, 38.2 per cent of the flour, and 62.7 per cent of the provisions passing out through the four ports. It should be remembered that the effect of these differentials is confined to low-grade traffic; practically all of the higher classes of freight still move out through New York. It was said with truth upon the argument that the value of the exports and imports passing through a particular port has little weight as showing the amount of the traffic; yet it is somewhat significant that of all exports passing out through these four

ports in 1893, New York exported in value 67 per cent, and that of the imports flowing in through these four ports New York had in value, that same year, 78 per cent; of the whole United States, 60.3 per cent. It can hardly be said that there is any such marked diversion of traffic from the port of New York as would warrant the interference of Government to prevent it.

While holding in the former case that there was no such arbitrary interference with the movement of this traffic upon the part of the carriers as would constitute a violation of the Act to Regulate Commerce, the Commission did feel that the differentials upon grain were probably too large. This mainly arose from the fact that from various causes set forth in that report a differential of three cents was much more potential in sending traffic through the port of Baltimore in 1897 than it had been in 1877 or in 1882. Had we been acting in that case in the capacity of an Advisory Commission, we should probably have recommended the reduction of those differentials. They were in fact reduced one-half by the voluntary action of the carriers in 1899, and we are satisfied that the differentials of one cent and one and one-half cents, which were then established and which are still in effect, are sufficiently large. We feel now that perhaps the differentials on flour should be somewhat modified. That commodity moves to the seaboard under substantially the same conditions and at practically the same cost as grain; but is probably somewhat less influenced by the ocean rate than grain. About the only thing which is made reasonably certain by the statistical tables offered in evidence is that Boston has distinctly lost and that Baltimore and especially Philadelphia have distinctly gained in exports of flour. We are inclined to think that this differential should be made two cents at Baltimore and one cent at Philadelphia. We have no knowledge whatever as to the movement of iron and steel articles, in case of which these differentials were reduced in 1904, and can, therefore, express no opinion as to their propriety.

Boston insists that if Philadelphia and Baltimore are entitled to a differential against New York it is, for the same reasons, entitled to some consideration. We found on the former hear-

ing that ocean rates from Boston had been lower than from New York, and since the inland rate has always been the same, this must indicate that the total through rate by the port of Boston, as well as by Baltimore and Philadelphia, must be lower than through New York. It appears from the evidence in this case that at the present time ocean rates are substantially the same from both these ports. It is, therefore, possible that in the future it may become evident that Boston cannot fairly compete for this traffic upon the present basis; but we do not feel that the record before us would justify that inference today. We desire to call especial attention to the fact that these differentials have not been fully observed for a sufficient length of time to indicate exactly what their effect may be when strictly maintained through a series of years.

The immediate cause of this investigation was the controversy over the differential on ex-lake grain. That question was incidentally referred to in the former case, but not much considered. It was there said that this grain originated at the same point, whether it reached the port of export by the all-rail or the lake-and-rail route, and that since the purpose of the differential was to distribute the traffic between the different ports, the same reason which justified a differential in one case would apply in the other. It would follow from this reasoning, that the differential in both cases ought to be the same.

Further reflection leads to the conclusion that the position taken in that opinion is not altogether tenable. The origin of the grain is the same in both cases and the traffic is therefore strictly competitive. It should not be regarded as originating at Buffalo since it is only there temporarily in transit; but there is another feature of the case which deserves attention.

Distance is important as already observed only in so far as it affords a measure of the cost of transportation. One point may be nearer another in miles, but more distant in cost of carriage. Now, the cheapest route by which this grain can reach the seaboard from its point of origin in many cases is by rail to Chicago, by water from Chicago to Buffalo and by rail from Buffalo to the port of export; and this is so if we entirely disregard the Erie Canal. It is a natural advantage of the port of New York

to be located on this route. By this route the distance to New York, in cost of transportation, is no greater than to Philadelphia and Baltimore. When this grain arrives at Buffalo there is, therefore, no reason growing out of the greater proximity of Baltimore or Philadelphia to the grain fields which justifies or requires a lower rate to those ports. It has been seen, however, that the purpose of the differential is to distribute this competitive traffic between the different ports. It has also been seen that the ocean rate through Baltimore and Philadelphia is somewhat higher, except on cargo business, of which none is now done, than through the ports of New York and Boston. If this grain reaches the seaboard by the all-rail route, the advantage of Baltimore is taken away in favor of New York and Boston to the extent of one and one-half cents per hundred pounds, and we think that when the same grain arrives at Buffalo it is proper for the same reason to take away something from the ocean advantage of New York in favor of Baltimore.

This ex-lake grain may move through either Fairport, Erie, or Buffalo. Fairport and Erie are in differential territory, so that rates from these two points would be, upon the ordinary basis, lower to Philadelphia and Baltimore than to New York. But it was said in testimony that with respect to this ex-lake grain these three lake ports should be treated alike; and such is our opinion. To apply a lower rate to Fairport and Erie would be unjust to Buffalo. There is now in effect, pending the disposition of this matter by the Commission, a differential on this traffic of four-tenths of one cent per bushel in favor of Baltimore. We are inclined to think that this should be modified a little and as modified extended to Philadelphia, and we believe that if this is done the differential so enjoyed by those two ports upon this traffic will certainly not exceed the average for the last fifteen years.

It may be asked with some reason why a distinction should be made in the amount of this differential between this ex-lake traffic and that which reaches these ports by the all-rail routes. Our answer is: These four cities are all seaports. This is a fundamental advantage of location which entitles each and every one of them to participate in this export business and the public

interest requires that this right shall be recognized. But each has certain subsidiary advantages peculiar to itself which should be preserved in so far as is compatible with free competition. It may well be, therefore, that Baltimore should be given a somewhat more favorable rate on all-rail than on rail-and-water traffic, for it possesses an advantage in the former case which it has not in the latter.

New York insists that the effect of these differentials is to force traffic out of natural channels into unnatural and more expensive routes, and that the final effect is to impose an enormous burden upon the public. With respect to all-rail traffic this premise of fact is not well taken. The actual cost of delivering grain into the hold of the ship from the average point of origin is probably three cents per hundred pounds less at Baltimore than at New York. The cost of the ocean transportation from Baltimore may be somewhat greater although New York and Boston have strenuously affirmed the contrary. Hence traffic which passes through New York and Boston under the operation of these differentials is forced into a more expensive route than as though it passed out through Baltimore.

With respect to this ex-lake grain, the assumption of New York may be correct, but we do not think this consideration should be controlling. To decree that traffic should always move by the cheapest route would be to entirely eliminate competition, which, within reasonable bounds, is for the interest of the general public.

It was also strongly urged upon the Commission by the representatives of New York and Boston that the desire of the lines serving those ports was to eliminate the present differentials by a reduction in the export rate to those ports, and it was said that this must, in the nature of things be a permanent reduction and that, therefore, it would result in a substantial saving to the public.

It seems probable that if the differentials were to be wiped out at the present time this would be done by applying at Boston, New York, and Philadelphia, upon export traffic, the domestic rate to Baltimore. It is also true that this export rate could not be advanced without advancing the Baltimore domestic rate,

since it would be impossible to maintain at that port a higher rate on export than on domestic business. But what possible guaranty is there that the domestic rate at Baltimore would not be advanced? In 1902 domestic rates to all these ports were raised, and although this Commission found that the advance was unjustifiable it has been kept in effect except during the season of lake navigation. The present export rate is four cents lower than the domestic rate at New York. If that domestic rate is too high it ought to be reduced, but we do not think it would be just to the communities affected nor to the lines serving those communities, nor that in the end it would benefit the general public to deprive the ports of Philadelphia and Baltimore of the ability to compete for this traffic.

We have not considered westbound differentials applicable to import traffic since there are no facts in this record upon which to base an opinion. With respect to export differentials we conclude: that the differential on flour both all-rail and lake-and-rail should be 2 cents per hundred pounds at Baltimore and 1 cent per hundred pounds at Philadelphia; that there should be allowed both Baltimore and Philadelphia a differential of 3/10 of 1 cent per bushel on ex-lake grain; that otherwise the present differentials should remain in force. This is not a proceeding in which the Commission could make an order, nor do we intend to intimate that the facts appearing would justify an order in any proceeding. Our impression is that the above modifications would be fair to the various communities and lines of railway interested, and that it is in the public interest that these differentials should be so adjusted that all the ports and the various lines serving them may fairly compete for this traffic.⁵

In 1912 the Chamber of Commerce of the state of New York, in the interests of the city of New York, brought complaint before the Commission alleging that the port differentials at Baltimore, Philadelphia, Boston, and the Virginia ports were discriminatory against New York,

⁵ 11 I. C. C. Rep., 60-77.

and that the New York rates were unreasonable. This complaint involved not only the differentials on export grain and grain products but also on classes and commodities both for domestic and foreign commerce. Both the eastbound and the westbound differentials were attacked. The class differentials for Baltimore, Philadelphia, and the Virginia Cities that were in effect when the decision was rendered in 1905 were approved. The same differentials on grain that were approved in 1905 were maintained at Baltimore and Philadelphia. The differentials under New York from Lake Erie ports on ex-lake grain for export, except barley and oats, were retained at the same fraction of three-tenths of 1 cent per bushel. The differentials on ex-lake oats and barley for export were reduced to two-tenths of 1 cent per bushel. The rates on exports and imports through Boston were placed on the same basis as at New York. The effect of this decision was to make no changes in differentials at Philadelphia and Baltimore, except to reduce the ex-lake oat-and-barley differentials from three-tenths of 1 cent to two-tenths of 1 cent, and to prescribe the same export and import rates at Boston as those current on the same at New York.

The differential basis, the points at issue, the commercial statistics, and the opinions of the Commission are so clearly set forth and are so important that almost the entire decision, which was written by Commissioner Clark, is quoted below:

The complaint alleges that defendants maintain rates, charges, differentials, rules, and regulations to and from the city and port of New York, which are unjust and unreasonable in themselves, and relatively so as compared with competitive ports, more particularly Philadelphia, Baltimore, Newport News, Nor-

folk, and Boston. As presented on hearing, brief, and argument, the issue is the inland charges on import and export traffic having destination or origin in so-called "differential territory." That territory is bounded on the north by the great lakes and a line drawn west from Chicago, Ill., to Dubuque, Iowa; on the east by a line drawn from Pittsburgh, Pa., to Buffalo, N. Y.; on the south by the Ohio River, and on the west by the Mississippi River.

Complainants allege that higher rates to and from New York on this traffic than are contemporaneously charged to and from Boston, Philadelphia, and Baltimore, are unjustly discriminatory against New York, and unduly preferential to Boston, Philadelphia, and Baltimore.

Norfolk and Newport News, Va., were named in the complaint, but practically no attention was paid to them in the trial.

The Maritime Association of the port of New York, the city of New York by its corporation counsel, and the state of New York by its attorney general, intervened in support of the complaint.

The Boston Chamber of Commerce, the directors of the port of Boston, and the commonwealth of Massachusetts through its attorney general intervened asking affirmative relief, and that the rates to and from Boston be made no higher than to and from Baltimore.

The Baltimore Chamber of Commerce, the Board of Trade of the city of Baltimore, the mayor and city council of Baltimore through the city solicitor, the state of Maryland by its attorney general, the Philadelphia Board of Trade, the Philadelphia Chamber of Commerce, the Commercial Exchange of Philadelphia, the Philadelphia Maritime Exchange, and the city of Philadelphia by its mayor intervened in opposition to the complaint and in favor of maintenance of the former relative adjustment.

The burden of the defense has been borne by the Pennsylvania Railroad and its allied lines and by the Baltimore & Ohio Railroad, these defendants asserting the propriety and the right of maintaining lower rates to and from Philadelphia and Baltimore than to and from New York. The Erie Railroad, with a through line from Chicago to New York, filed no answer to the complaint.

The other New York roads filed general denials. The Boston & Maine and the Boston & Albany Railroads joined with Boston in asserting the interests of the port of Boston and their right as carriers to make such rates to and from Boston as the interests of that port and the carriers serving it demand.

The Baltimore & Ohio and the Pennsylvania base their defense principally upon the fact that the rail haul to or from Baltimore or Philadelphia is shorter than to or from New York, and that therefore lower rates to and from Philadelphia or Baltimore than to and from New York are fully justified.

The issue is a long-standing controversy which originated in and has been kept alive by the competition of railroads serving the several ports and by the commercial interests at those ports. It is conceded by one of the principal witnesses for defendants that the so-called differential port adjustment is more or less arbitrary in its nature and is the result of compromise and arbitration resorted to to settle or avert rate wars.

The rates in question are (a) via all rail; (b) via lake and rail; and (c) ex-lake—that is, from the lake ports to the Atlantic ports. All rates stated herein, unless otherwise specified, are in cents per 100 pounds. Our docket No. 3780, *In the Matter of Import Rates*, was heard and decided in connection with the instant case.

The history of the all-rail differentials on export traffic was recited in *In the Matter of Differential Freight Rates to and from North Atlantic ports*, 11 I. C. C., 13, and need not be restated here. It is a matter of common knowledge that since that report was written the Baltimore & Ohio, if not the Pennsylvania also, has acquired new lines which substantially strengthen its commanding and strategic position in the middle west.

The present eastbound all-rail class rates, taking Chicago as a representative point, are as follows:

Classes	1	2	3	4	5	6
To New York, domestic and export.....	75	65	50	35	30	25
To Philadelphia, domestic and export....	73	63	48	33	28	23
To Baltimore, domestic and export.....	72	62	47	32	27	22
To Boston, domestic	82	71	55	39	33	27
To Boston, export	75	65	50	35	30	25

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The present eastbound lake-and-rail class rates, taking Chicago as a representative point, are as follows:

Classes	1	2	3	4	5	6
To New York, domestic and export.....	63	55	43	30	26	21
To Philadelphia, domestic and export....	61	53	41	28	24	19
To Baltimore, domestic and export.....	60	52	40	27	23	18
To Boston, domestic	70	61	48	34	29	23
To Boston, export	63	55	43	30	26	21

The present ex-lake rates on grain to the ports, export and domestic, are as follows, in cents per bushel:

	Wheat.	Corn.	Rye.	Barley.	Oats.
From Buffalo, N. Y., to—					
New York—					
Export	5½	4¾	5¼	4¾	3⅞
Domestic	6½	5¼	6	5¼	4
Philadelphia and Baltimore—					
Export	5½	4⁴⁵⁄₁₀₀	4⁹⁵⁄₁₀₀	4⁵⁵⁄₁₀₀	3½
Domestic	6½	5¼	6	5¼	3¾
Boston—					
Export	5½	4¾	5¼	4¾	3⅞
Domestic	8	7½	7¾	6½	4½
From Erie to—					
New York—					
Export	5½	4¾	5¼	4¾	3⅞
Domestic	6½	5¼	6	5¼	4
Philadelphia—					
Export	5½	4⁴⁵⁄₁₀₀	4⁹⁵⁄₁₀₀	4⁵⁵⁄₁₀₀	3½
Domestic	6½	5¼	6	5¼	3¾
Baltimore—					
Export	5½	4⁴⁵⁄₁₀₀	4⁹⁵⁄₁₀₀	4⁵⁵⁄₁₀₀	3½
Domestic	6	4¾	5½	4¾	3½
From West Fairport to—					
Baltimore—					
Export	5²⁰⁄₁₀₀	4⁴⁵⁄₁₀₀	4⁹⁵⁄₁₀₀	4⁵⁵⁄₁₀₀	3½
Domestic	6	4¾	5½	4¾	3½
Philadelphia—					
Export and domestic.	6½	5¼	6	5¼	3¾

The westbound all-rail class rates to Chicago from the several ports are as follows:

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Classes	1	2	3	4	5	6
New York, domestic and import.....	75	65	50	35	30	25
Philadelphia, domestic	69	59	48	33	28	23
Philadelphia, import	67	57	47	32	27	22
Baltimore, domestic and import.....	67	57	47	32	27	22
Boston, domestic	75	65	50	35	30	25
Boston, import	67	57	47	32	27	22

The westbound lake-and-rail class rates to Chicago from the several ports are as follows:

Classes	1	2	3	4	5	6
New York, domestic and import.....	62	54	41	30	25	21
Philadelphia, domestic and import.....	56	48	39	28	23	19
Baltimore, domestic and import.....	54	46	38	27	22	18
Boston, domestic	62	54	41	30	25	21
Boston, import	57	50	38	27	23	20

The import rates from Boston, Philadelphia, and Baltimore are the same under a temporary arbitration decision, the final determination of which is announced in *In the Matter of Import Rates*, 24 I. C. C., 78.

While little has been said as to Newport News and Norfolk, it is proper to say that they constitute in reality one port, served from the west principally by the Chesapeake & Ohio and Norfolk & Western railways. It does not here appear that they are included in the differential agreement; but it is the established policy of the roads serving those ports to maintain there the same rates that are contemporaneously maintained at Baltimore. It is also appropriate to say that the carriers between the differential territory and the Gulf ports compete with the carriers to the Atlantic ports for import and export traffic and that it is their established policy to maintain rates to and from the Gulf ports which bear a definite relationship to the rates to and from the Atlantic ports and which take into consideration the more expensive ocean service to and from the Gulf ports.

The import and export traffic through the port of Montreal has increased largely in recent years, more especially with regard to the export of grain and grain products.

The ex-lake differentials are of prime importance in the movement of grain which is concentrated at the ports on Lake Superior and Lake Michigan and carried thence by water to Buffalo, Erie,

Fairport, and other eastern lake ports, from whence it moves to the Atlantic ports by rail on rates that are wholly independent of the lake charges.

About 1891 the railroads began to compete with the Erie Canal for this traffic, and in 1893 the question of differentials on ex-lake shipments arose. Certain of the New York lines entered into a joint agreement to make certain rates on this traffic regardless of canal competition, and a separate agreement was made which accorded differentials of one-half cent and three-quarters of a cent per bushel to Philadelphia and Baltimore, respectively, on shipments from Buffalo. In 1894 these differentials were reduced to one-half cent per bushel to both Philadelphia and Baltimore. In 1895 the railroad agreements were overthrown and the railroads entered into spirited competition with the canal. From time to time rate wars occurred which were temporarily composed by agreements and arbitrations. Every effort made to maintain equal ex-lake rates to the several Atlantic ports failed.

In the *North Atlantic Ports case, supra*, the Commission found that Philadelphia and Baltimore should be accorded a differential of three-tenths of a cent per bushel on ex-lake grain, which opinion was shortly thereafter modified by making the differential on ex-lake oats and barley one-sixth of a cent per bushel.

Complainants allege violation of section 1 of the Act in that the rates to and from New York are unjust and unreasonable. They say that the lower grades on the New York Central lines make the transportation cheaper than to Philadelphia or Baltimore via the lines which cross the Alleghenies, and from this they argue that the rates to and from New York are unreasonable *per se*. This is answered by defendants in a general way by saying that any difference in cost of transportation due to the grades is fully or more than offset by the difference in cost of fuel which lies in abundance along their rights of way. No evidence has been presented which in any wise lays a foundation for a finding that any particular rate is unreasonable *per se*.

Violation of section 2 of the Act is alleged in that section prohibits charging one person more or less than another person for

the transportation of a like kind of traffic under substantially similar circumstances and conditions. We shall later consider whether or not the transportation is under substantially similar circumstances and conditions.

Violation of section 3 of the Act is alleged in that the differential adjustment gives an undue preference to Boston, Philadelphia, and Baltimore and subjects New York to unreasonable prejudice or disadvantage. This will be referred to later.

Violation of section 4 of the Act is alleged, but as has been seen the rates at issue are those applicable on export and import traffic, and, while the record is not clear and specific on that point, it is not our understanding that this traffic is hauled to or from Baltimore or Philadelphia via any line as to which New York is directly intermediate. Some of it may move through New York to or from Boston, but the amount so hauled must be small.

The rates to and from differential territory are established in zones substantially on distance. It frequently occurs that a circuitous route hauls traffic through a zone which takes higher rates than that in which the point of origin or destination is located. This, however, applies to shipments to and from New York as well as to and from the other ports. This situation is protected by applications for relief from the provisions of the fourth section and is not here passed upon.

Complainants contend that in exercising the power vested in the Commission to prescribe just and reasonable and nondiscriminatory rates it must be controlled by the constitutional provision that in the regulation of commerce no preference shall be given to the ports of one State over those of another. They argue that New York has numerous advantages of location, harbor facilities, steamship sailings, market, etc., the benefit of which is in some degree taken from it by the differential rates, and that the maintenance of lower rates to the other ports is unlawful under the Act to Regulate Commerce and in violation of the constitution of the United States.

If one railroad may not make lower rates to a given port than another railroad makes to another port in another state without violating the constitution of the United States it would seem

necessarily to follow that railroad rates must be the same from a given point to every port in every state, regardless of distance, extent and termini of carriers' lines, cost or value of the service, and of the discriminations which would be thereby created. One city or state prescribes certain harbor dues and charges, while another city or state elects to furnish harbor facilities free. All such considerations determine in some measure the attractiveness of the port to shipping and yet so far as we know it has never been held that the exercise of those rights by municipalities or states is unconstitutional.

Complainants aver that any excess in the rates on export and import traffic to and from the differential territory over that charged from and to Baltimore, Philadelphia, or Boston is imposed for the purpose of diverting traffic from New York to these other ports; or, in other words, for the purpose of making a fair division of the traffic as between the railroads and the ports and constitutes an unlawful additional charge for the sole purpose of discriminating against New York. The record in the *North Atlantic Ports case, supra*, is stipulated into this record, and it there appears that former officers of some of the New York roads testified that they would be glad to transport this traffic to and from New York at as low rates as were contemporaneously applied to and from Baltimore if they could do so. This meant that they would be glad to put New York on a parity with Baltimore if the roads serving Baltimore would maintain as high rates to Baltimore as were thus established at New York. The New York commercial interests contend that the New York rates should be reduced to the Baltimore basis and that the New York roads are willing and anxious to so reduce them. The testimony above referred to was given several years ago. No present responsible officers of the New York roads so testify, and in the light of present-day conditions, as shown in *In re Investigation of Advances in Rates*, 20 I. C. C., 243, we can not say that we have here any clear expression of such desire.

As has been seen, the differentials are the result of compromise, arbitration, and agreement, resorted to as the only means so far found of averting rate wars. The railroads serving Boston have insisted at all times that the export and import rates to

and from Boston should not exceed those to and from New York. The railroads serving Philadelphia and Baltimore have always insisted that the rates on this traffic from and to those ports should be lower than those contemporaneously maintained from and to New York.

The roads serving Baltimore and Philadelphia, as well as the commercial interests of those cities, aver that the differentials might lawfully and reasonably be, and in fact ought to be, wider than they are, and that to maintain them at as low figures as now obtain has the effect of giving New York an advantage to which it is not entitled on any ground except the adoption of this means of averting rate wars.

The Baltimore & Ohio Railroad denies that it should or may be required to sacrifice its legitimate revenues by furnishing a service to and from New York at the same rates it receives for its service to and from Baltimore. It shows that its lighterage and other terminal services in New York cost it substantially more than the present allowance it receives for that service out of the joint rates. On this account it shows a deficit for the years 1909-10-11 of more than \$1,250,000.

This defendant suggests that before the railroads were subject to regulation the control of a large volume of traffic was a potent influence in securing low rates from railroads; that New York being the largest and strongest port, served by strong railroad lines, this wholesale principle worked steadily in New York's favor, and the rates to and from New York became more and more favorable as compared with other and less influential ports, which gave New York an advantage which it still holds; that, recognizing the long-established status and the business interests that had adjusted themselves thereto, the differentials were substituted for the differences in rates that might otherwise have been established, as some recognition of the substantial rights of the other ports. It replies to New York's allegations that the differentials penalized New York for her advantages by saying that the arbitrary differentials are merely substitutes for the more substantial and logical differences in favor of Philadelphia and Baltimore which would naturally exist, and that they are established not for the purpose of diverting traffic from New York

but as a limitation upon the arrangement which New York had secured for diverting traffic from Baltimore and Philadelphia, and in an effort to prevent New York from acquiring all.

The Boston interests assert that the Boston railroads are entitled by law and that it is their duty to meet the lowest export and import rates offered via any of the ports here considered, and in this position the Boston & Maine Railroad concurs. Boston asks, therefore, an order or an expression of opinion from the Commission to the effect that the inland rates on import and export traffic from and to the ports of Boston, Philadelphia, and Baltimore should be the same, and that they should be lower than like rates to and from New York to the extent of the present differentials at Baltimore. They state that it is conclusively shown that Boston can not live commercially without equal inland export and import rates with Baltimore. They ask "the boon of free competition" in order that Boston may secure an equitable share of the export and import traffic. It is somewhat difficult to see how the fixing of arbitrary and artificial differentials can be tantamount to "the boon of free competition."

They call attention to the long list of natural and acquired advantages existing at the port of New York, and from it argue that if Boston is deprived of its advantage of lower ocean and through rates it can not compete on even terms with New York any more than can Philadelphia or Baltimore. The advantages referred to are, a natural port, unlimited capacity for future development, the Erie Canal, fast and frequent steamship service, option market, guarantee of quality of export flour, banking facilities, credit market, ocean rates, and numerous established commercial and trade connections with foreign countries. Not doubting that New York has all of these advantages we inquire, Which of them has not come as a gift of Nature or as a result of judicious investment or commercial enterprise? And which if any of them may, as a matter of law, be taken from New York or nullified by arbitrary rail rate adjustments that are not founded in reasonableness measured by the recognized standards, and the absence of unjust discrimination?

It is urged that the cost of delivering export traffic to and taking import traffic from the steamships at New York, which

is borne by the railroads, is materially greater than at Boston, and that therefore the rates to and from Boston should be less than to and from New York. This suggestion seems to ignore the probable fact that the cost of the additional haul to and from Boston would perhaps offset and perhaps exceed the additional terminal cost at New York.

It is said that Baltimore and Philadelphia have a tremendous advantage over Boston in the exportation of grain raised in the states nearby to Baltimore and Philadelphia. Is this an advantage of which Philadelphia or Baltimore may lawfully or justly be deprived by rate adjustments?

It is urged that the all-rail differentials applying at Baltimore and Philadelphia, which are greater than the ex-lake differentials, give Philadelphia and Baltimore a practical monopoly of the all-rail export grain as against Boston. It is to be noted, however, that substantially all of the all-rail export grain reaching Philadelphia and Baltimore is transported from points of origin or from primary markets over the Pennsylvania and Baltimore & Ohio systems, neither of which reaches Boston.

Boston suggests that New York had little to say as to diversion of export traffic from New York to Boston "for the very good reason that the inland export rates are the same to the two ports," and that on equal export rates, inland and ocean, New York "is cutting the ground from under Boston." It is difficult to see how any unjust discrimination against Boston can be found in an adjustment which for a substantially longer rail haul gives it the same rates as New York, and it is equally difficult to see upon what basis we would find that Boston is entitled to lower inland rates on traffic to or from differential territory than is New York.

It is said that under equal inland rates to New York and Boston any change in the relative movement of this traffic caused by change in the ocean rates simply manifests the need of the steamship lines which have lines common to both ports for the particular traffic at the respective ports. Manifestly this is so and it ought to be so, and in a modified degree it is true where differentials exist, for the ocean rates to and from the differential ports are fluctuated in order to accommodate the

needs and wishes of the steamship lines. Each of the ports contends that its traffic is "diverted" to one or more of the other ports, but inasmuch as no fixed proportion of the traffic has been assigned to any port and as the records show that the percentages of traffic moving through the different ports varies from year to year and from period to period, it would seem more accurate to say that the rate adjustments are made for the purpose of attracting traffic to the several ports.

In recent years certain steamship lines have arranged their sailings so that their vessels land at Boston or Philadelphia on the westward voyage and proceed thence to Baltimore to leave part of their cargo and to secure cargo for the eastward voyage. The exportations of grain from Baltimore have greatly increased in recent years. It may be that this is to some extent due to the differential rates, but to some extent it is because of attractive port facilities for the handling of that traffic, and in part it comes from the large quantities of near-by grain which could not under any reasonable rate adjustment find outlet through the other ports.

Boston experiences some difficulty in getting steamers to come there with imports which it needs because the vessels are unable to there secure eastbound lading. But it can not be that in law the duty devolves upon the railroads to so adjust their rates as to equalize those conditions, or that it is within the reasonable and proper exercise of the powers of this Commission to require such adjustments. If certain imports would naturally move to Boston and certain exports would naturally move from Baltimore, why should the railroads or this Commission so adjust the rail rates as to equally divide that tonnage and insure equal steamship sailings to and from those ports?

Of the imports through Boston only 22 per cent are for differential territory. A large portion of the export tonnage through New York moves to foreign ports to which steamship lines have direct sailings from New York and no sailings from the other ports.

As we have seen, Baltimore and Philadelphia export large quantities of grain grown in territory tributary to those ports and the surplus of such crops or the attractiveness of the export

market for them would necessarily affect that movement from year to year. It appears that dissatisfaction of exporters with the inspection at a certain market may and does affect the exportations from that port.

Looking at the geography of the principal railroads serving these several ports, we find that the New York Central lines constitute a system which reaches many of the important commercial centers in the differential territory, with termini at New York, Boston, Chicago, and St. Louis. Traffic moving to and from Boston via this system would not move through New York, but would go via Albany and the Boston & Albany line. The Boston & Maine Railroad has lines west and north from Boston and connects with the Canadian Pacific, which has its own line to Detroit; with the Grand Trunk, which has its own line to Chicago and other important centers in differential territory; and with the New York Central and other lines at or near Albany. The Lehigh Valley has a line from Buffalo to New York and reaches Philadelphia in connection with the Philadelphia & Reading. The Delaware, Lackawanna & Western has a line from Buffalo to New York and has connections with the Pennsylvania Railroad to Philadelphia and to Baltimore. The Erie Railroad has a line from Chicago and other important centers in differential territory to Buffalo and to New York. The Pennsylvania Railroad, with its allied lines, has main lines from Chicago, St. Louis, and many other important points in differential territory to Baltimore, Philadelphia, and New York. Its line from the west to New York passes through Philadelphia. It has lines to Buffalo, Erie, and Cleveland, on Lake Erie, and traffic moved by it between those ports and New York goes via Philadelphia. The Baltimore & Ohio system has lines from Chicago, St. Louis, and many other important places in differential territory through Baltimore to Philadelphia. By arrangement with the Philadelphia & Reading and the Central of New Jersey its through route is extended from Philadelphia to New York, at which point the Baltimore & Ohio has and operates its own terminal facilities. This system reaches Toledo, Sandusky, Lorain, Cleveland, and Fairport, on Lake Erie.

Every railroad desires to get the longest possible haul on the



traffic which it transports, and therefore the Boston & Maine, the Grand Trunk, and the Canadian Pacific naturally prefer to see the traffic move through Boston. The New York Central, the Lackawanna, the Lehigh Valley, and the Erie prefer to see it move through New York. Philadelphia is the home city of the Pennsylvania system and it is to its interests to have the traffic move through Philadelphia. Baltimore is the home city of the Baltimore & Ohio system and it is to its interests to see the traffic move through Baltimore. The haul via the Pennsylvania system is substantially the same to Philadelphia and to Baltimore and is some 90 miles greater to New York than to Philadelphia. The haul via the Baltimore & Ohio system is 90 miles farther to Philadelphia than to Baltimore and 186 miles farther to New York than to Baltimore. As stated, these systems assert their right to charge more for the longer haul and the extra service. In addition to this the Baltimore & Ohio shows that its earnings on a shipment to or from Baltimore are greater than on the same shipment to or from New York, due to the fact that on the New York business it must divide the earnings with its connections and must perform a substantially more expensive terminal service.

The traffic being that which moves to and from recognized competitive territory, all of the carriers that are in a position to do so join with their connections in moving such of it as they can secure to any and all of the ports under the so-called differential rates. The carriers whose lines reach the points of origin and destination of this traffic and all of their connections compete for it, and, in so far as the differential adjustment is observed, distance is largely disregarded.

As a matter of fact the differential adjustment is not adhered to. This is evidenced by the facts developed in *Federal Sugar Refining Co. v. B. & O. R. R. Co.*, 17 I. C. C., 40, and by the fact, incidentally brought out in this case and investigated from the records of the carriers by examiners of the Commission, that upon eight cargoes of agricultural implements exported through Baltimore between Jan. 1 and April 1, 1911, the delivering line at Baltimore and its connections paid the agent of the shippers approximately \$35,000 allowance "in lieu of lighterage and

floatage," when in fact no such service was performed as to any of the tonnage making up those cargoes. The allowance was made on the strength of a tariff of the terminal line at Baltimore which applied only at Baltimore and the existence of which was not generally known.

Complainants urge that the present proceeding differs from previous proceedings affecting the same issues in that now the Commission has been vested with rate-making power and must determine the inherent reasonableness of the rates in question.

A mass of statistics have been filed by the parties, each arguing from its statistics the conclusions which it thinks should be reached. Complainants say: "The statistics and the testimony relating to the movement of traffic are all immaterial except as they may have a bearing upon the historical facts relating to the origin and purpose of the differentials." Many of these statistical tables are of value only to that extent, for the reason that they are not confined to and do not assume to differentiate the traffic to which the differential import and export rates apply. There is a heavy movement of import and export traffic through the several ports which has destination or origin at the ports or at points not situated in the differential territory. In making the differential agreement it was apparently conceded that the territory east of the Buffalo-Pittsburgh line was largely non-competitive, and that the import and export traffic having destination and origin therein would and should find its way to the natural or most convenient port. Numerous statistical tables measure the relationship of the ports and the effect of the rate adjustments upon the movement of traffic by showing the value of the imports or exports. Manifestly, such statistics, which include the value of precious stones, metal, bullion, and perhaps money, are of no help in determining the question here presented.

One exhibit shows that of the total movement of import traffic through the four ports, New York secured for the period 1909 to 1911, inclusive, 39.6 per cent, as compared with 31.1 per cent for the period 1906 to 1908, inclusive. The percentages of the other ports for the same periods, respectively, were: Philadelphia 19.1, 20.4; Baltimore 28.1, 34.4; Boston 13.2, 14.1. The total

increase in tonnage was 815,098 tons, of which New York secured 513,868 tons.

Another exhibit shows that of the import traffic in tons to differential territory for 1911, New York secured 58.4 per cent of that which moved under class rates and 28 per cent of that which moved under commodity rates; Philadelphia secured 15.4 per cent under the classes and 24 per cent under the commodity rates; Baltimore 18.1 per cent under classes and 32 per cent under the commodity rates; and Boston 8.1 per cent under the classes and 16 per cent under the commodity rates.

On an exhibit it appears that of the exports of wheat, corn, and oats, New York secured in 1899, 25 per cent; in 1905, 25.8 per cent; in 1911, 24.4 per cent. Its highest percentage was 27.5 in 1907, and its lowest 16.9 in 1910. During the same period Philadelphia had 12.3 per cent in 1899; 8.6 per cent in 1905; 10.8 per cent in 1911. Its highest percentage was 15.7 in 1900, and its lowest 7.5 in 1903. Baltimore had 17.4 per cent in 1899; 13 per cent in 1905; 14.6 per cent in 1911. Its highest percentage was 17.6 in 1901 and its lowest 8.6 in 1909. Boston had 10.2 per cent in 1899; 10.5 per cent in 1905; 11.3 per cent in 1911. Its highest percentage was 12.3 in 1901 and its lowest 7.5 in 1903.

It is thus seen that while the percentages of the several ports have fluctuated widely from year to year the differences between 1899 and 1911 are not striking. Each of the ports has a slightly smaller percentage excepting Boston, which increased 1 per cent.

During the same period the percentages of export flour secured by the several ports are stated to have been as follows: New York, in 1899, 28.4; in 1905, 36.4; in 1911, 36.4. Its highest percentage was 36.4, in 1905 and again in 1911, and its lowest 26.3, in 1901. Philadelphia had 14.1 per cent in 1899, 16 per cent in 1905, 10.7 per cent in 1911. Its highest percentage was 22.2, in 1907, and its lowest 10.7, in 1911. Baltimore had 20.8 per cent in 1899, 15.2 per cent in 1905, 9.9 per cent in 1911. Its highest percentage was 21.8, in 1903, and its lowest 9.3, in 1910. Boston had 10.1 per cent in 1899, 6.2 per cent in 1905, 6.2 per cent in 1911. Its highest percentage was 10.4, in 1900, and its lowest 5.1, in 1903.

On this traffic it appears that New York has made a substan-

tial gain, while the other ports have lost, the greatest loss being experienced by Baltimore.

Another exhibit purporting to show the exports of flour through those ports for the years 1906 to 1911, inclusive, shows that in 1906 New York had 42 per cent and in 1911, 60.4 per cent; that in 1906 Boston had 10 per cent and in 1911, 6.4 per cent; that in 1906 Philadelphia had 27 per cent and in 1911, 16.7 per cent; that Baltimore had 21 per cent in 1906 and 16.5 per cent in 1911.

The differences in the percentages shown in these exhibits emphasize the difficulty of basing any conclusion upon the statistics, even if they were controlling. It was suggested before the hearing was had that the contending parties get together and agree upon a uniform basis and method of preparing the statistics, but that suggestion was not acceptable and each party has prepared its own from such sources and authorities and in such manner as it elected.

Another exhibit shows that of the tonnage of export flour and grain products moving lake-and-rail for the years 1909 and 1910 New York secured 33 per cent, Boston 9 per cent, Philadelphia 28 per cent, and Baltimore 30 per cent.

From this it would appear that this tonnage moved in quite equal volume to the ports of New York, Philadelphia, and Baltimore. Obviously it would require some unusual condition or some strong inducement to attract this business to Boston, especially in view of the fact that the main trunk lines reaching Baltimore and Philadelphia and New York have their own boats on the lakes.

Another exhibit shows the movement in bushels of export Canadian breadstuffs in bond for the period 1904-1909 and 1910-1911. In the first period Boston secured 6,800,000 and in the second period 8,200,000; Philadelphia secured for the two periods respectively 1,900,000 and 5,400,000; Baltimore, 460,000 and 2,020,000; New York, 5,600,000 and 11,400,000.

From this it is argued that Boston secured an increase of 20.5 per cent, while the others secured increases in much larger percentages, but it is seen that although Boston had increased in the second period over the first 20.5 per cent and Baltimore 333

per cent, Boston had for the second period 8,200,000 bushels, as compared with Baltimore's 2,020,000, and that, although Philadelphia had increased 184 per cent, it had for the second period but 5,400,000 bushels.

An exhibit stating the percentage of tonnage of west-bound import freight destined to and beyond the western termini of the trunk lines, which, generally speaking, means Buffalo, Pittsburgh, and beyond, shows that in 1905 Boston had 9 per cent and in 1910, 13.1 per cent; that in 1905 New York had 34 per cent and in 1910, 36.1 per cent; that in 1905 Philadelphia had 16.4 per cent and in 1910, 18.2 per cent; and that in 1905 Baltimore had 31.2 per cent and in 1910, 26.1 per cent.

The original agreement for differentials was based on the fact that the ocean rates for freights to and from foreign markets were less from and to New York than from and to the other ports, and the effort was to equalize the entire through charge via the several ports.

Where there is steamship competition between two or more of our ports and the same foreign destination, the ocean freights are higher to and from Boston, Philadelphia, and Baltimore than to and from New York. It appears that the steamship lines plying from Boston, Philadelphia, and Baltimore absorb or "get" as much of the differential inland rate as possible in their higher ocean rates. But this has the effect of giving these ports ocean service which otherwise they would not have.

It appears that full cargo rates are now the same from all of the ports, but that substantially no full cargo business is done except at Baltimore and Philadelphia. In some instances full cargoes are moved by independent tramp vessels, and in some instances by tramp vessels that have been employed by regular lines to move tonnage which they can not accommodate in their regular boats. Some contend that the ocean rates are known and stable quantities. But that contention is, we think, overcome by a preponderance of testimony in this and other proceedings, and by the fact that one important ocean freight-carrying line in declining to comply with a request for copies of its schedules of rates, stated that they were not tariffs in the sense that they would or could be maintained. The ocean rates fluctuate accord-

ing to the spare room available as the time approaches when the vessel must sail. The lines sailing from Baltimore and Philadelphia know that the inland rates are lower to and from those ports than to and from New York, and that therefore they can get higher ocean rates at the outports. In other words, the differentials to some extent operate as a bonus to the ocean carriers to bring traffic to and seek traffic at the ports where the lower inland rates apply. But it is contended that the ocean haul is longer to and from the out-ports than to and from New York, and that therefore the ships will not serve the out-ports unless they can get somewhat higher rates there. It was testified in the 1905 proceeding and again in this record that it costs less to load boats at Baltimore and Philadelphia than in New York. Some witnesses say that, all things considered, the ocean transportation is less to and from the out-ports than to and from New York. Others, however, contradict this.

Representatives of the contending ports show elaborately their several natural and acquired advantages, the improvements that have been made and that are in contemplation, the number of ocean lines plying to and from the ports, and the number of sailings. The out-ports argue that the differentials are essential to their existence as import and export ports, and that if the differentials are not preserved the only part of this traffic which they can secure will be that which New York is physically unable to handle. New York's representatives say that the state and city have expended large sums of money to improve the harbor and enlarge its facilities and that the arbitrary differentials against New York and in favor of the other ports counteract or largely nullify the benefits which they ought to reap from those efforts and expenditures.

The fact that the United States government has done much to improve these various waterways and harbors is referred to, from which it is only reasonable to infer that it is the policy of the government to have these several ports available and to encourage traffic through them. It is too well established to admit of further argument that neither the railroads nor the Commission may adjust rates in such way as to deprive a place of its natural advantages or give it artificial advantages which

are withheld from a competitor. If this is true as to natural advantages, it must be doubly true as to advantages acquired through enterprise and investment.

Complainants allege that higher rates are imposed to and from New York to offset New York's advantages. Representatives of Baltimore and Philadelphia say that it is not the maintenance of higher rates at New York, but the maintenance of lower rates at Philadelphia and Baltimore, to which they are entitled by their geographical position. Whether we say that higher rates are maintained at New York or that lower rates are maintained at Baltimore and Philadelphia we reach the same result. The difference between the rates is the same.

Reference is made to an option market in New York as one of its advantages, and the absence of such market at the other ports as one of their disadvantages, which justify the differences in the rates. We do not think that the existence of an option market at one place and the absence of it at another place is a proper consideration in the relative adjustment of rates.

The short line from Buffalo to New York is 398 miles, to Philadelphia 416 miles, and to Baltimore 396 miles. From Buffalo to these three ports there is no substantial difference in distance. The short line from Erie to Baltimore is 424 miles, and to Philadelphia it is 436 miles; from Fairport to Baltimore it is 454 miles, and to Philadelphia 473 miles. Erie is a Lake port served principally by the Pennsylvania system and Fairport is served principally by the Baltimore & Ohio system, and, as has been seen, the traffic via either of these systems from Erie or from Fairport to New York passes through Baltimore or Philadelphia or both.

Complainants ask what can justify the Commission prescribing greater through rates on traffic that moves between Chicago and Buffalo by steamer and between Buffalo and New York by rail than upon the same traffic between Chicago and Philadelphia or Baltimore by lake-and-rail via the other lake ports, aside from supporting the all-rail differentials in the effort to parcel out a division of the traffic between the several ports?

While the rail haul from Erie or Fairport to the Atlantic ports is greater than from Buffalo the lake haul to Erie or Fair-

port is correspondingly less than to Buffalo. This question can not be determined upon the basis of distance alone. If it were, Baltimore would be given more advantage than it now has. The interests of all concerned and the matter of lawful and controlling competition must, as will appear, be considered.

The great bulk of the high-class tonnage moves through the port of New York, and that moving through the other ports is largely the heavier low-grade commodities, such as grain, flour, ores, burlap, coal, etc. It appears both in the previous record and in this that a small difference in the freight charges on grain determine the port or market to which it will go and affect the price of the grain. A New York grain exporter testified that he could not export from New York in competition with Baltimore. When asked by counsel for Baltimore interests why in that case he did not ship from Baltimore, he replied, referring to a rule of the Baltimore Board of Trade which imposes a penalty upon shipments made by others than the members of that board:

Because we can not ship from Baltimore and pay you gentlemen down there a commission for handling our grain.

Apparently the steamship companies prefer to handle the heavy traffic through Baltimore or Philadelphia, and they adjust their rates with that in view. To some degree, at least, the inland differentials contribute to that result. In 1881 Mr. Albert Fink, then commissioner of the trunk lines, stated in a report on this subject:

Whether the differentials are maintained or not free ocean competition acts at least in a great measure as an equalizer of the through rates.

If this is not true, manifestly it ought to be. And if the inland rates are free from artificial adjustment the steamship lines must compete on the ocean.

Witnesses testify that generally ocean rates from foreign ports to Boston, Philadelphia, and Baltimore are lower than to New York, and that the ocean rates from the various ports to a given foreign port are such as, in some instances, make it impossible to move the traffic through New York. It seems that rates from foreign destinations to the out-ports are generally so much per 100 pounds, while to New York they are on a measurement or

space basis, which makes an exact comparison difficult, if not impossible. In many instances the ocean rates from the out-ports are lower than from New York, although in other instances they are higher. One witness testifies "last year as well as this year the steamship lines from the United Kingdom have made the same rates to New York as to the out-ports in most cases." It appears that whenever there is a readjustment of the inland rates the steamship lines take up the shrinkage by adjusting their rates to and from the several ports.

In January, 1902, a number of the ocean carriers entered into a minimum freight agreement not to contract for carriage by steamships under their control any shipments of the commodities named in the agreement from the United States or Canada to ports in Great Britain or Ireland at lower rates of freight than those specified, and that they would not make or allow made any rebate to shippers or consignees. This agreement was made in Liverpool and gave no recognition to the inland freight differentials in the United States. It was to stand for 14 days, at which time any party thereto might withdraw, and such withdrawal would release the others.

In March, 1902, the parties to the agreement resolved that the benefits of the minimum rates should be maintained, but that owing to differentials on inland rates, insurance rates, differences in steamer hauls, etc., it was desirable to elaborate and revise the agreement, and a committee was appointed for that purpose. This committee reported about a month later, and a majority were in favor of adjustment of ocean rates by taking the inland differentials into account.

We pause here to remark that the adjustment of inland differentials to compensate the ocean disabilities, followed by an adjustment of ocean rates which takes into consideration the inland differentials, would constitute an endless chain or be tantamount to moving about in a circle.

In May, 1902, a report of the committee was adopted which fixed certain minimum ocean rates on a number of commodities. The various ports were grouped together under the same rates as follows: New York, Boston, and Portland; Montreal, Quebec, and Philadelphia; Baltimore and Newport News. This schedule

was to stand for a trial period of 3 weeks, and was afterwards extended subject to 14 days' notice of withdrawal. In June, 1902, withdrawal of certain commodities and traffic began, and in an effort to preserve the agreement the committee in July recommended concessions on certain commodities to the ports of Philadelphia and Baltimore which amounted to about one-half of the inland differentials to those ports. Thereupon notice of withdrawal from the agreement was recalled.

In July, 1903, on a request that the steamship lines from Philadelphia, Baltimore, and Newport News advance their rates to equalize through rates with Boston, it was agreed that the minimum ocean rates on flour to Liverpool originating in differential territory should be: From Boston, New York, and Portland, 8.44; from Quebec and Montreal, 10.44; from Philadelphia, Baltimore, and Newport News, 9.44. For September shipments the rates were to be: From New York, 8.44; from Philadelphia, 9.44; from Baltimore, 9.94.

The effort to maintain any permanent agreement among the ocean lines appears to have failed because of the insistence of one of the Baltimore lines upon lower rates from and to Baltimore.

The territory contiguous or local to the several ports would afford each of them control of more or less of the export and import traffic, and in the competitive territory much of the traffic is so controlled by the originating or delivering lines that it would naturally move to such port as they prefer. One importer testified that he had found the service through Baltimore more satisfactory and that even on equal rates he would not use the port of New York. Each port has certain attractions for particular classes of traffic, and it appears that the heavier commodities can be handled more economically and expeditiously at some of the out-ports than at New York. Ocean-going steamers can be loaded with grain directly from the elevators at Baltimore. A great part, if not all, of the traffic has to be lightered at New York.

The Baltimore interests assert that in the former hearing it was shown that Baltimore was the only one of these ports that was on a natural rate adjustment, inasmuch as the domestic rates and the inland rates on export traffic through Baltimore were

the same, while at the other ports the export rates were lower than the domestic rates, and that from this it follows, as appeared in the former hearing, that the export rates to Baltimore can not be advanced without at the same time advancing the domestic rates.

Under the tariffs now in effect the domestic and export all-rail class rates from Chicago are the same, respectively, to New York, Philadelphia, and Baltimore, and the export rates to Boston are lower than the domestic rates. The export rates on grain are lower than on domestic shipments to the several ports as follows: Boston, 5 cents; New York, 3 cents; Philadelphia, 2 cents; Baltimore, 1½ cents.

In the former hearing the Commission found that the cost of delivering grain into the hold of a ship from the average point of origin was approximately 3 cents less at Baltimore than at New York. The differential in favor of Baltimore is 1½ cents.

It is clear that the differential agreement was originally made in an attempt to equalize the total charges on import and export traffic through the several ports, as gateways. We have no jurisdiction of the ocean rates and must deal with this question as though the ports were destinations instead of gateways. This does not mean that the carriers may not take into consideration the previous or further transportation of the traffic on the ocean and thus differentiate it, reasonably, from domestic traffic, but the rates to and from the ports must be reasonable, must be published as independent from the ocean transportation, and are subject to all of the provisions of the act. *Cosmopolitan Shipping Co. v. Hamburg-American Packet Co.*, 13 I. C. C., 266; *Armour Packing Co. v. U. S.*, 209 U. S., 56. It is our duty to see that shippers are accorded reasonable rates and that undue discrimination is not practiced against shippers, commodities, or communities. It is also our duty to consider the interests of all of the shippers and communities affected and to refrain from condemning discriminations which are not unjust. Much weight has always been given to rate adjustments of long standing to which commercial conditions have adjusted themselves, and in this connection it is to be noted that Baltimore and Philadelphia have had lower rates than New York for more than 40 years.

Each railroad was originally constructed to reach certain points and to serve certain territories, and they have expanded by construction, purchase, and lease of other lines as it has seemed to their interests to do. Each of them owes a duty to the entire public and each of them owes a peculiar duty to the persons and communities which it directly serves and which are dependent upon it. In addition to serving the places and territories directly reached by it, each system endeavors to increase its total revenues by securing as much competitive traffic as is possible.

It is urged that Boston is as dependent as is Philadelphia or Baltimore upon the differential territory for its exports and imports, and the Boston interests join in the contention that the railroads should so adjust their rates as to insure movement of a certain or substantial part of the traffic through those ports. Neither the carriers nor the Commission has any right to undertake to so apportion the traffic between rival ports or cities. While recognizing the right of the carriers to conserve the interests of the ports and territories served by them, we can not consider the carriers as one great and single system. *In Re Advances in Coal Rates by the Chesapeake & Ohio Ry. Co.*, 22 I. C. C., 604.

The Baltimore & Ohio and the Pennsylvania systems, reaching by their own lines so many of the important commercial centers in the middle west and so many of the lake ports and having their own boats on the lakes and hauling all of their New York traffic through either Philadelphia or Baltimore or both, control the rate situation between the territory here considered and Baltimore and Philadelphia. The competitive conditions at Baltimore and Philadelphia are created by these systems, and the rate situation to and from those ports is controlled by them. It was this control by these systems that led to the making of the differential agreement. We do not recognize such an agreement as lawful, but the conditions which brought it about are as strong to-day as they ever were and we find now, as we found in the *North Atlantic Ports case, supra*, that the Pennsylvania and the Baltimore & Ohio have the lawful right to maintain lower rates to and from Baltimore and Philadelphia than they contemporaneously maintain to and from New York. They would probably also have the right to

make these rates the same to and from all of those ports if they chose to do so.

The Boston lines have an undoubted right to make such rates to and from Boston as their interests demand, subject only to the limitations that the rates must be reasonable; that they may not carry that traffic at less than the cost of the service and so unduly burden other traffic, and may not unjustly discriminate against other points which they serve or in whose traffic they participate. The New York Central and the Erie, having their own lines from Chicago and Buffalo to New York and no lines to Philadelphia, Baltimore, or Boston, have a right to make their rates to and from New York as they choose, subject to the same limitations. The Lehigh Valley and the Lackawanna directly serve New York, and, through established connections, serve also Philadelphia and Baltimore. They, of course, may not unjustly discriminate against either of these ports.

If the New York lines and other connections of the Baltimore & Ohio and the Pennsylvania systems participate in the haul of traffic to and from Philadelphia or Baltimore, they must do so under the competitive conditions created by the Baltimore & Ohio and the Pennsylvania at Baltimore and Philadelphia which the other lines are unable to control, and under these conditions we do not think it unlawful if they participate in the movement of traffic to and from Philadelphia and Baltimore under competitive rates even though at the same time they maintain higher rates to and from New York. *Railroad Commission of Kansas v. A., T. & S. F. Ry. Co.*, 22 I. C. C., 407; *Indianapolis Freight Bureau v. C., C., & St. L. Ry. Co.*, 23 I. C. C., 195.

As to lake and rail traffic through Buffalo and ex-lake traffic from Buffalo, the distance and the service via the short lines is substantially the same to Baltimore and to New York, but if the New York lines were to withdraw from participation in that traffic to and from Baltimore or Philadelphia, it could and doubtless would move in the same volume via the other lines, and, in any event, that which reaches Buffalo must move there in competition with the other lake ports, such as Erie, Fairport, etc.

The theory of the law is that carriers shall establish and maintain through routes and joint rates so that there may be the

freest movement of traffic without the necessity of reshipment. In the formation of these through routes, however, the law recognizes the right of a carrier to protect its own long haul, and a carrier may not be required against its will to participate in a through route between any two points which does not include all or substantially all of its line or lines between those points, except when an unreasonably long or circuitous route would otherwise be created. The law also recognizes the right of the shipper to dictate the intermediate routing of his shipments over available through routes. We therefore think that it is not unlawful and not unjustly discriminatory against New York for the carriers which serve it to participate in the competitive traffic to Philadelphia and Baltimore at the lower rates fixed at those points by the carriers whose lines control those situations.

As before stated we neither recognize nor consider the differential agreement as lawful. The law contemplates free competition and condemns any combination which restrains such competition. We repeat that defendants Baltimore & Ohio and Pennsylvania systems have a lawful right to maintain lower rates between this differential territory and Baltimore and Philadelphia than they contemporaneously maintain to and from New York. The New York lines and their connections have a right to meet the competition so created at Philadelphia and Baltimore and which is beyond their control, while at the same time maintaining higher rates to and from New York. We think that as to this traffic, it would not be unjustly discriminatory for defendants to maintain the same rates to and from New York and Boston. We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, but we can not find that reasonable differences in rates as between Philadelphia and Baltimore on the one hand and New York on the other hand unjustly discriminate against New York. We find no justification for lower rates to and from Boston than to and from New York.

We are of the opinion :

(a) That differentials under New York on all-rail and lake-and-rail export shipments from differential territory to Baltimore should not exceed 3 cents per 100 pounds, and to Philadel-

phia should not exceed 2 cents per 100 pounds, on the classes and on commodities other than grain. On all-rail and lake-and-rail export shipments of grain the differentials under New York should not exceed 1.5 cents per 100 pounds to Baltimore, and 1 cent per 100 pounds to Philadelphia.

(b) That as to all of this traffic the export rates to Boston should not be lower than to New York.

(c) That the differentials under New York from Buffalo, N. Y., Erie, Pa., and West Fairport, Ohio, to Baltimore and Philadelphia on ex-lake grain from differential territory for export should not exceed 0.2 of a cent per bushel on barley and oats, and 0.3 of a cent per bushel on wheat, corn, and rye.

(d) That differentials under New York on import traffic, all-rail and lake-and-rail, from Philadelphia and Baltimore to differential territory should be no greater than those which existed in the latter part of 1908, to wit, in cents per 100 pounds:

Classes	1	2	3	4	5	6	Commodities
Philadelphia differentials.....	6	6	2	2	2	2	2
Baltimore differentials	8	8	3	3	3	3	3

And that the import rates from Boston should not be lower than from New York⁶ . . .

The movement of foreign freight through, and of domestic freight to and from, the North Atlantic ports is of such magnitude, and the problems underlying the port differentials are so fundamental that no exposition of the New York-Chicago Rate System is complete without the facts and principles set forth in the three important decisions of the Commission quoted above. In 1913 the interests of Boston again brought complaints before the Commission, but the decision of 1912 was adhered to. The problem of differentials at the North Atlantic ports is one of the most difficult questions that the Commission has had to adjust. In the past it has been a veritable Banquo's ghost, and it is not unlikely that it may appear again in the future.

⁶ 24 I. C. C. Rep., 56-77.

CHAPTER VIII

RATES BETWEEN POINTS IN OFFICIAL CLASSIFICATION TERRITORY EAST OF THE ILLINOIS-INDIANA STATE LINE ON THE ONE HAND AND ST. PAUL AND OTHER TERRITORIES ON THE OTHER

1. BETWEEN POINTS EAST OF THE WESTERN TERMINI AND ST. PAUL, MINN., AND POINTS WEST OF LAKE MICHIGAN

In the preceding chapters the various combinations of rail, water, and rail-and-water rates based on the New York-Chicago percentage system have been explained. The rates to and from percentage territory shown on Maps 3 and 4 applicable on local shipments have been set forth. In addition to these local rates moving between percentage territory on the west and points east of the Western Termini, there is also a large movement of freight between points lying west of Lake Michigan, west of the Mississippi and the Missouri rivers, and south of the Ohio and the Potomac rivers, that moves on proportional rates applying within the New York-Chicago territory. A notable example of this is the proportional rate applying east of Chicago, Chicago Junctions, and Lake Michigan on shipments between the Atlantic seaboard on the one hand and points grouped with St. Paul, Minn., on the other.

(a) Westbound

The rates from the Atlantic seaboard territory to St. Paul, Minneapolis, Minnesota Transfer, Duluth, Minn.,

and points taking the same rates are based on the rates from the Atlantic seaboard points to Chicago, plus proportional rates shown in Table 41 applying on the portion of the haul west of Chicago. The proportional rates

TABLE 41

BASIS FOR RATES FROM ATLANTIC SEABOARD POINTS EAST OF THE WESTERN TERMINI OF TRUNK LINES TO ST. PAUL, MINNEAPOLIS, MINNESOTA TRANSFER, DULUTH, MINN., SUPERIOR AND ASHLAND, WIS., AND STATIONS TAKING SAME RATES AS NAMED IN TARIFFS OF THE INDIVIDUAL LINES

ITEM	WHEN FROM	To	PROPORTIONAL RATES APPLYING WEST OF CHICAGO ¹					
			In cents per 100 pounds					
			Classes					
			1	2	3	4	5	6
1	All points named in eastern lines' tariffs, except the Syracuse and Rochester group ²	St. Paul, Minneapolis, Minnesota Transfer, and Duluth, Minn. ³	40	34	26	18	16	13
2	Syracuse and Rochester group	St. Paul, Minneapolis, Minnesota Transfer, and Duluth, Minn. ³	42	34	26	18	16	13

¹ Governed by the Official Classification.

² The Syracuse group is shown on Map 9 of the Atlas of Railway Traffic Maps.

³ And stations taking the same rates as provided in eastern lines' tariffs.

shown in item 1 of Table 41 apply west of Chicago, Chicago Junctions, Kankakee, Bloomington, Peoria, and certain lake ports on shipments from eastern groups east of the Syracuse group. On shipments from groups east of the Syracuse group the proportional rates applying west of Chicago are shown in item 2 of the table. They are

the same as those from other groups except on the first class, in which case the rates are 2 cents higher than the proportion applying over the same part of the route from other eastern groups. It should not be concluded from this, however, that the first-class rate from the Syracuse group to St. Paul is higher than from New York to St. Paul. The rates from the Syracuse group to Chicago are only 70 per cent of the rates from New York to Chicago. The rate on first-class freight is only 53 cents. The first-class rate from Syracuse to St. Paul is therefore 53 cents plus 42 cents, or only 95 cents, which is 20 cents less than the rate from New York to St. Paul.

From points east of the Western Termini shown in the groups of Map 9 to Albert Lea and points grouped therewith, also to points on the Chicago Great Western Railway shown in section 2 of Table 42 the rates are arbitraries over the rates from the same groups to St. Paul. These arbitraries are shown in Table 42. The arbitraries applying to Albert Lea and other points grouped therewith are a 15-cent scale, while those applying at Mankato are a 20-cent scale.

Table 43 shows the rates applying on the part of the haul east of Chicago and other junctions and on the portion west of Chicago, and through rates on shipments from eastern groups of Map 9 to St. Paul, Albert Lea, and Mankato, each of which is taken as representing a group of stations. It may be seen that the rates from New York to St. Paul are a 115-cent scale. The rates from New York to Albert Lea and points taking the same rates are a 130-cent scale, and the rates from New York to the Mankato group are a 135-cent scale. The scales of rates presented in Table 43 are merely illustrative of the rates from the other eastern groups to the three

and other points taking the same rates are made up of the local rates from the eastern groups to Chicago, as shown in Table 7 of this treatise, and the proportional rates and arbitraries shown in Tables 41 and 42 applying west of Chicago and other junctions.

The rates from the eastern groups to points west of Lake Michigan, south of Lake Superior, and east of Duluth and St. Paul are made in relation to the St. Paul rates or are arbitraries over the rates to Chicago or the

TABLE 43
THROUGH CLASS RATES FROM NEW YORK TO ST. PAUL, ALBERT
LEA, AND ZUMBROTA, MINN.¹

ITEM	To		RATES IN CENTS PER 100 POUNDS					
			Classes					
			1	2	3	4	5	6
1	St. Paul, Minn.	East of Chicago	75	65	50	35	30	25
		West of Chicago	40	34	26	18	16	13
		Through	115	99	76	53	46	38
2	Albert Lea, Minn.	East of Chicago	75	65	50	35	30	25
		West of Chicago	55	46	36	25	20	17
		Through	130	111	86	60	50	42
3	Manka- to, Minn.	East of Chicago	75	65	50	35	30	25
		West of Chicago	60	51	39	27	22	19
		Through	135	116	89	62	52	44

¹ The rates east of Chicago and the proportional rates west of Chicago are governed by the Official Classification and exceptions.

Lake Michigan ports. The rates from the eastern groups to certain points on the west bank of Lake Michigan are the same as from the same groups to Chicago. That is, certain points on the west bank of Lake Michigan are accorded the 100 per cent rates. The rates to other points immediately west of the western shore of Lake Michigan

are arbitraries over the Chicago rates, while to points farther west and to points south of Lake Superior the rates are either arbitraries over the Chicago rates with the St. Paul rates as maxima, or in some cases are higher than the St. Paul rates by certain arbitraries. For rates from C. F. A. Territory the area lying south of Lake Superior and west of Lake Michigan is grouped into the following territories: The Duluth-St. Paul, the Winona, the New London (Wis.), the Marquette-Michigamme (Mich.), and the Hancock-Houghton groups.

(b) *Eastbound*

The rates from territory lying south of Lake Superior and west of Lake Michigan, as far west as the St. Paul group, to points east of Lake Michigan and the Illinois-Indiana State Line, the rates are made on combination breaking on Chicago, Chicago Junctions, other junctions, and lake ports. However, there are no proportional rates, as in the case of the westbound rates, applying west of Chicago and the lake ports. The rates are made up of the local rates from point of origin to Chicago or the lake ports and the rates east of those junctions. The western proportion is governed by the Western Classification to the Chicago Junctions or lake ports, while the rates east of Chicago and other points are governed by the Official Classification. From St. Paul to Chicago, for example, the rates are the following scale:

Class	1	2	3	4	5	A	B	C	D	E
Rate	60	50	40	25	20	25	20	17	14	13

This 60-cent scale applies on classes from St. Paul to Chicago as a proportion of a through rate to eastern points instead of the 40-cent scale, governed by the Offi-

cial Classification and shown in Table 41, on through westbound rates. The rates shown above from St. Paul to Chicago are the local rates. From the other groups south of Lake Superior and west of Lake Michigan to C. F. A. points and eastern groups the rates are made in relation to the St. Paul rates.

2. RATES BETWEEN TRANS-MISSISSIPPI TERRITORY AND POINTS EAST OF THE WESTERN TERMINI

Between points in Trans-Mississippi Territory ¹ and points east of the Western Termini, rates are made on combination breaking on the Mississippi River, on St. Paul, or on the Missouri River. When rates break on the Mississippi River the rates east of the river are the same as the St. Louis rates. The St. Louis rates are those for the 117 per cent group. That is, on all shipments between points east of the Western Termini and points in Trans-Mississippi River Territory that pass through the Mississippi River Crossings (St. Louis to Dubuque, inclusive) are the 88-cent scale—the St. Louis rates. However, as stated in the Mississippi River case, in the preceding chapter of this treatise, the rates between Upper Mississippi River Crossings (Keokuk to Dubuque, inclusive) are on the basis of a 120 per cent of the New York-Chicago rates for shipments between points in Iowa and other points east of the Missouri River on the one hand and points east of the Western Termini on the other. Between Trans-Mississippi Territory and points east of the Western Termini the 117 per cent basis applies east of the Mississippi Crossings, but between Iowa points and other nearby points east of the Missouri River

¹ Map 1; also Appendix A of the treatise on "Freight Classification."

on the one hand and points east of the Western Termini on the other the 117 per cent basis applies east of the lower crossings and the 120 per cent east of the upper crossings.

3. FROM C. F. A. TERRITORY TO MISSISSIPPI VALLEY
POINTS

From C. F. A. Territory to Mississippi Valley points specified in Tariff No. 15 (and reissues) of the agent of the Central Freight Association, the rates are based over the rates from St. Louis, Mo., and Louisville, Ky., to the same points of destination. The rates from St. Louis are the same as those from Louisville to all points in the Mississippi Valley. The arbitraries over the St. Louis-Louisville rates from the groups in C. F. A. Territory to Mississippi Valley points are shown in Table 44. The rates from C. F. A. Territory to Mississippi Valley points are published in Tariff No. 15 (and reissues) of the agent of the Central Freight Association, and are governed by the Southern Classification.

4. RATES FROM POINTS EAST OF THE ILLINOIS-INDIANA
STATE LINE TO POINTS IN GREEN LINE TERRITORY

From points in the states of Indiana, Ohio, and Michigan to points in Green Line Territory (Map 5) the rates are based on the rates fixed by the southern lines from the Ohio River Crossings, Hagerstown, Md., Strasburg Junction, Va., Shenandoah Junction, W. Va., Potomac Yards, D. C., Baltimore, Md., and the Virginia Gateways plus the established rates from points of origin to said crossings and gateways.

From Western Termini and points grouped therewith to Green Line Territory the rates are also made up of

the rates south of the Ohio River Crossings and other gateways mentioned above, plus the rates from the Western Termini to those crossings and gateways. However, these rates cannot exceed the all-rail rates from New York to the same points in Green Line Territory by more than the following differentials:

Class	1	2	3	4	5	6
Rate	15	13	11	9	7	6

Rates between Western Termini and southern points may also break on the South Atlantic ports. Where rates are made through the South Atlantic ports the following basing rates from the Western Termini to Charleston, Savannah, and Brunswick are used.

Class	1	2	3	4	5	6
Rate	78	68	58	45	35	30

TABLE 44

BASIS FOR RATES FROM CENTRAL FREIGHT ASSOCIATION TERRITORY
TO MISSISSIPPI VALLEY POINTS—ARBITRARIES OVER
THE ST. LOUIS-LOUISVILLE RATES¹

GROUP No.	To MISSISSIPPI VALLEY POINTS FROM	ARBITRARIES IN CENTS PER 100 POUNDS														Per Bbl. F
		Classes														
		1	2	3	4	5	6	A	B	C	D	E	H			
1	Evansville	3	3	3	2	2	2	2	2	2½	2	2	3	5		
2	Vincennes	No Arbitraries														
3	Indianapolis	8	8	8	4	4	4	3	4	2	2	3	4	4		
4	Ft. Wayne-Columbus.....	20	15	10	8	7	6	6	6	6	6	5	8	12		
5	Detroit-Toledo	26	20	14	11	9	8	8	8	8	8	7	11	16		
6	Buffalo-Pittsburgh															
7	Howard City.....															
8	Owendale															
9	Clare	31	24	17½	13½	10½	9	9	9	9	9	8	12	18		
10	Cadillac															
11	Traverse City.....															
12	Cheboygan															
13	Manistique	23	17½	12	9½	8	7	7	7	7	7	6	9	14		
14	Kentucky	20	18	16	10	8	7	6	7	5	5	7	10	10		

¹ The rates are governed by the Southern Classification.

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All-rail rates to Charleston, Savannah, and Brunswick proper are observed as minima to points of destination through these ports. The Official Classification governs from the Western Termini to the South Atlantic ports and the Southern Classification beyond. South Atlantic port combinations are not authorized on lettered classes.

In constructing through rates on the combinations through the Virginia Gateways and the Ohio River Crossings the first six classes of the Southern are used as equivalent to the six classes of the Official, and the lettered classes of the Southern Classification are assimilated as follows with Classes 4, 5, and 6 of the Official:

Southern Classification, Class.....	A	B	C	D	E	H	F
Equivalent to							
Official Classification, Class.....	6	6	6	6	5	4	twice-sixth class

The through rates on commodities not covered by published tariffs are made not higher than combinations of established rates to the Ohio River Crossings and Virginia Cities plus the full rates south of such crossings and Virginia Cities. The through rates constructed on the combination of the rates north and south of the Crossings and the Gateways are governed by the Southern Classification, except that to the territory of the associated railways of Virginia and the Carolinas the associated railways' exceptions are applied. When commodity rates are made on combinations, they are subject to class rates as maxima except on petroleum and its products.

Rates on classes and commodities from points in Buffalo-Pittsburgh Territory to points in Florida on and south of the Jacksonville-Lake City-Live Oak Line (except to Jacksonville, Fla., and group) are made on the Virginia Cities, the Ohio River, or the Jacksonville com-

ination. Rates are made by combination on Ashland, Ky., and Kenova, W. Va., except that on shipments destined to points east of the Chattanooga-Athens-Augusta-Macon-Live Oak Line the Cincinnati rates apply as maxima.

CHAPTER IX

RATES WITHIN CENTRAL FREIGHT ASSOCIATION TERRITORY

1. THE CENTRAL FREIGHT ASSOCIATION SCALE

Class rates within Central Freight Association Territory¹ are based very roughly on the Central Freight Association Scale of class rates for distances shown in Table 45. However, the class rates are based only very roughly on this scale. Rates between points on the main east-and-west lines follow rather closely the C. F. A. Scale, except where competition of commercial centers has forced lower rates than the scale provides. For example, the class rates from Chicago to Detroit and Port Huron, Mich., are those for 250 miles according to the C. F. A. Scale, while the actual distance to Detroit is 285 miles, and Port Huron is still more distant from Chicago than Detroit.

While the actual rates applying on the east-and-west lines are sometimes lower than the distance scale, on north-and-south lines between points in the northern part of the Southern Peninsula of Michigan on one hand and points in southern Ohio and Indiana on the other the rates are usually higher than the scale prescribes. The C. F. A. Scale is the basis for class rates within C. F. A. Territory, but the association prints for the use of its members what is known as "revised minimum class

¹ Map 8.

rates." These revised minimum rates govern shipments between common points within C. F. A. Territory, and the tariffs are made up from this revised basis. The tariffs of the individual carriers follow the "revised minimum class rates" as adjusted by the association. While in the "revised minimum class rates" rates are shown specifically from and to all common points within C. F. A. Territory, the rates for non-common points are not shown in the "revised minimum class rates." In making up their tariffs the individual carriers usually group intermediate points with the common point beyond.

TABLE 45

BASIS FOR CLASS RATES BETWEEN POINTS IN CENTRAL FREIGHT ASSOCIATION TERRITORY—THE C. F. A. SCALE ¹

MILES	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
5	7½	7½	7	6	4	3
10	7½	7½	7	6	4½	3
15	7½	7½	7½	7	5	3½
20	7½	7½	7½	7	5	4
25	7½	7½	7½	7	5½	4½
30	7½	7½	7½	7	6	5
35	8½	8½	8	7½	6½	5½
40	9½	9½	9	8	7	6
45	10½	10½	10	8	7½	6
50	12	11½	10½	8½	7½	6½
55	13	12½	11½	9	7½	6½
60	14½	13	12	10	7½	6½
65	15½	14	13	10	7½	7
70	17	15	13½	10	8	7
75	18	16	15	10½	8	7
80	19½	18½	17	11	8½	7½
85	21	19	17	11½	8½	7½
90	22	20	17	12	9	8
95	23	22	18	12	9	8

¹ When a rate is desired for a distance not given in the foregoing scale use the rate for the next greater distance.

TABLE 45—CONTINUED

MILES	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
100	24	22	19	12½	9	8
110	24½	22	19½	12½	9	8
120	25	22	19½	12½	9½	8
130	26	23	19½	13	10	8½
140	27½	24	20	13	10	8½
150	28½	25	20	13½	10½	8½
160	30	26	21	13½	11	9
170	31	26½	21½	14	11	9
180	31½	27	21½	14	11½	9
190	32	28	22	14½	11½	9½
200	33	28½	22	15	12	9½
210	34	29½	22½	15	12½	10
220	35	30	22½	15	13	10
230	35½	30½	23½	15½	13	10½
240	36	31	23	16	13	10½
250	37	32	23½	16	13½	10½
275	38½	33	24½	16½	14	11
300	40	34	25	17	14½	11½
325	41	35	26	18	15	12
350	42	36	27	18½	15½	13
375	43	36½	27½	19	16½	13½
400	44	37½	28½	19½	17	14
425	44½	38½	29	20½	17½	14½
450	45	39	30	21	18	15

The C. F. A. Scale as here shown is used as the fundamental basis for the "revised minimum class rates" promulgated by the Central Freight Association, but there are rather wide variations from the C. F. A. Scale in the minimum rates.

In the states in which there are no rates prescribed by the commissions the carriers apply the "revised minimum class rates," grouping intermediate points with the more distant common points. There are distance rates prescribed, however, in two of the states in the C. F. A. Territory. These states are Illinois and Michigan (lower

peninsula). The Illinois distance rates are higher than the C. F. A. Scale. The Illinois rates, however, are governed by the Illinois Classification, and are distributed into ten classes, while the C. F. A. Scale is governed by the Official Classification with only six classes and three rules. For this reason an exact comparison of the two tables of distance rates is rather technical.

Within the state of Michigan the carriers and the railroad commission have agreed upon the scale of rates shown in Table 46. These rates are shown for certain distances only in the table.

TABLE 46
INTRASTATE DISTANCE RATES IN MICHIGAN

MILES	RATES IN CENTS PER 100 POUNDS					
	Classes					
	1	2	3	4	5	6
5	13	11	9	6	5	4
10	14	12	9	7	5	4
20	16	14	11	8	6	4½
40	20	17	13	10	7½	6
100	29	25	19	14	10½	8½
200	39	34	26	19	14½	11½
400	51	44	34	25	19	15
500	55	47	36	27	20½	16

By comparing Tables 45 and 46 it is evident that the rates within the state of Michigan are materially higher than the C. F. A. Scale. It is interesting to note that the rates prescribed by the Central Freight Association are lower than those agreed upon by the railroad commission and the carriers in the state of Michigan. They are also lower than the rates prescribed by the Illinois Railroad and Warehouse Commission. It is an interesting bit of history that in 1905 and 1906 the Illinois Railroad and Warehouse Commission reduced its rates

because they were higher than the C. F. A. Scale. They were so much higher that points in Indiana were accorded much lower rates to St. Louis than applied from Chicago to St. Louis. The rates between Chicago and St. Louis are subject to the Illinois distance rates. The complaint in this case was brought before the commission of Illinois by the shipping interests of Chicago and other Illinois cities. Even after the reduction was made the Illinois distance rates still remained materially higher than the C. F. A. Scale.

The commodity rates within C. F. A. Territory are in some cases percentages of certain classes. In other cases special adjustments for the numerous commodities are made. The states of Indiana and Ohio do not prescribe distance rates. The C. F. A. Scale is applied largely within those states but it is very much modified. The state of Indiana has not limited the carriers in rate-making in any way, but the legislature of the state of Ohio passed a maximum freight rate law a number of years ago. One provision of this statute forbade the exaction of more than 5 cents per ton per mile for freight transported for a distance of 30 miles or more. However, the carriers were allowed to make a reasonable charge for loading and unloading, which provision was never taken advantage of by the carriers.²

2. RATES BETWEEN THE WESTERN TERMINI AND POINTS IN CENTRAL FREIGHT ASSOCIATION TERRITORY

(a) *Class Rates*

The rates within the Central Freight Association Territory are based roughly, as stated in the preceding sec-

² McPherson, L. G., *Railroad Freight Rates*, 78.

tion, on the C. F. A. Scale for class rates. Between Western Termini and points in C. F. A. Territory east of the 100 per cent group rates are based roughly on the C. F. A. Scale.

The rates between 100-122 per cent points in C. F. A. Territory and the Western Termini^s are not based on the C. F. A. Scale.

Table 47 shows the basis for rates between the Western Termini and percentage points 100-122. The table shows that the rates are percentages of the rates from the percentage groups to New York. The rates apply between, that is, on both eastbound and westbound shipments; but, odd as it may seem, the rates are based on the rates from the percentage groups to New York City. The class rates are in no case based on the rates from New York City to the percentage groups in question. Table 47 shows the percentages of the rates to New York that apply from percentage groups to the Western Termini or in the opposite direction. The rates between Chicago and Pittsburgh are 60 per cent of the rates from Chicago to New York. The rates from Evansville, Ind., to Buffalo, N. Y., are 62 per cent of the rates from Evansville to New York City, and the same rates apply westbound. The rates from Evansville, Ind., to New York City are 105 per cent of the rates from Chicago to New

^s The Western Termini of Eastern Trunk Lines are:

Allegheny, Pa.	East Buffalo, N. Y.	Pittsburgh, Pa.
Bellaire, Ohio	Erie, Pa.	Salamanca, N. Y.
Black Rock, N. Y.	Huntington, W. Va.	Suspension Bridge,
Buffalo, N. Y.	Irvinton, Pa.	N. Y.
Buffalo Junc., N. Y.	Kenova, W. Va.	Titusville, Pa.
Charleston, W. Va.	Niagara Falls, N. Y.	Tonawanda, N. Y.
Corry, Pa.	Oil City, Pa.	Wheeling, W. Va.
Dunkirk, N. Y.	Parkersburg, W. Va.	

York City. The westbound rates from New York to Evansville are 110 per cent of the rates from New York to Chicago as shown on Map 3. This 110 per cent of the New York-to-Chicago rates is not used as a basis for the class rates from the Western Termini to Evansville. The class rates apply in both directions between Western Termini and 100-122 per cent points, but are based on the percentages shown in the right-hand column of Table 47 of the rates from the percentage groups to New York City. This is not true of the commodity rates as is explained below. If a change is made in the class rates between New York and Chicago, the same proportional change is made between all Western Termini points and percentage points shown on Map 4.

TABLE 47
BASIS FOR CLASS RATES BETWEEN THE WESTERN TERMINI AND
PERCENTAGE GROUPS 100-125 ON CENTRAL
FREIGHT ASSOCIATION TERRITORY ¹

Points on Map 4 taking 100 per cent or higher of the rates from Chicago to New York	Per cent of rates from percentage groups to New York
100 per cent	60
Over 100 to and including 110 per cent	62
Over 110 to and including 116 per cent	64
117 per cent	64½
Over 117 to and including 125 per cent ²	70

¹ Petition No. 2 of Central Freight Association for Relief from the Fourth Section of the Act to Regulate Commerce.

² Except that to and from points listed below and stations usually taking the same rates the rates are 64½ per cent of those to New York.

Benton, Ill.	Eldorado, Ill.	Paducah, Ky.
Brooklyn, Ill.	Enfield, Ill.	Parker City, Ill.
Cairo, Ill.	Gale, Ill.	Percy, Ill.
Carbondale, Ill.	Henderson, Ky.	Pinckneyville, Ill.
Carmi, Ill.	Marion, Ill.	Shawneetown, Ill.
Chester, Ill.	Mound City, Ill.	Sparta, Ill.
Coulterville, Ill.	Murphysboro, Ill.	Tamaroa, Ill.
DuQuoin, Ill.	Norris, Ill.	Thebes, Ill.
East Cape Girardeau, Ill.	Owensboro, Ky.	

(b) Commodity Rates

Rates on general commodities that take 25 cents per 100 pounds or higher between New York and Chicago are based in the same manner as class rates, except that the eastbound rates are based on eastbound rates, and the westbound rates on westbound rates. For example, if a commodity takes a rate of 40 cents per 100 pounds from Chicago to New York, the rate from Evansville, Ind., to New York is 105 per cent of 40 cents, or 42 cents, whereas the rate from New York to Evansville, Ind., is 110 per cent of the rate from New York to Chicago. Even where the rates are the same eastbound as westbound, between Chicago and New York, the rates to and from the percentage groups are frequently different. Moreover, there is frequently a difference between the rates eastbound and those westbound between Chicago and New York on the same commodity. The only difference between the basis for class rates and commodity rates that take 25 cents per 100 pounds or higher between New York and Chicago is that the class rates are based on the rates from the percentage groups in question to New York City, while the commodity rates are based in the same manner for eastbound shipments, but are based on the rates from New York City to the percentage points in question for westbound shipments.

However, when the commodity rates between New York and Chicago are less than 25 cents per 100 pounds, they are proportionally higher than class rates between percentage points 100-122 and Western Termini. Table 48 shows the basis of commodity rates between Western Termini and percentage groups 100-122 for commodities on which the New York-Chicago rates are less than 25 cents

per 100 pounds. The rates from the percentage points shown to the Western Termini are based on the rates from the percentage points in question to New York City, while the rates from Western Termini to percentage points 100-122 are based on the rates from New York City to the percentage points in question. The percentages for these rates are slightly higher than those shown in Table 47. They vary from $62\frac{1}{2}$ to $72\frac{1}{2}$ per cent, while those in Table 48 vary from 60 to 70 per cent. For example, from Chicago and other 100 per cent points to the Western Termini the class rates and the commodity rates that take 25 cents per 100 pounds or higher from Chicago to New York are 60 per cent of the rates from Chicago to New York, while for commodities that take

TABLE 48
BASIS FOR COMMODITY RATES BETWEEN THE WESTERN TERMINI
AND PERCENTAGE GROUPS 100-125 FOR COMMODITIES ON
WHICH THE NEW YORK-CHICAGO RATES ARE LESS
THAN 25 CENTS PER 100 POUNDS ¹

Points taking percentages shown below of the rates from Chicago to New York or from New York to Chicago	Per cent of rates to or from New York
100 per cent	62½
Over 100 to and including 110 per cent	64½
Over 110 to and including 117 per cent	66½
Over 117 to and including 125 per cent ²	72½

¹ Petition No. 2 for Relief from the Fourth Section of the Act to Regulate Commerce filed by the agent of the Central Freight Association with the Interstate Commerce Commission.

² Except that between points listed in footnote 2 of Table 47 and Western Termini the rates are $66\frac{1}{2}$ per cent of those to or from New York.

less than 25 cents per 100 pounds from Chicago to New York the rates to the Western Termini are $62\frac{1}{2}$ per cent

of the rates from Chicago to New York. The percentages are also different for the other percentage groups, as shown in the table.

If a commodity rate be authorized between Chicago and Western Termini of Trunk Lines as a basis rate, which is not the same as an established class rate between the same points, the same percentage of reduction is made between other points taking 100 per cent or less on the one hand and Western Termini on the other as between Chicago and the Western Termini; but if a duly authorized commodity rate be made applicable only between specified points and not as a basis rate, it does not apply to or from the Western Termini points unless so authorized by the Central Freight Association.

The rates on live stock (except hogs) and dressed meats from percentage points 100-122 to the Western Termini are based as shown in Tables 17 and 47 on the rates from the percentage points in question to New York City. From points taking less than 100 per cent of the Chicago to New York rates, the rates on livestock and dressed meats to Trunk Lines Western Termini are percentages of the Chicago rates.

If a commodity rate be established from Chicago to Pittsburgh, Pa., that results in a reduction which is to be established from all other C. F. A. points, the same percentage reductions are made to Charleston, Gauley Bridge, Huntington, and Parkersburg, W. Va., as are made to Pittsburgh from such points of origin. For example, if a commodity rate of 24 cents is established from Chicago to Pittsburgh on an article classified as third class in the Official Classification, and rates on a corresponding basis are published from other points in C. F. A. Territory, the rates from the same points of

origin to Charleston, Gauley Bridge, Huntington, and Parkersburg are reduced correspondingly, while from percentage points taking higher than 100 per cent the rates are not based directly on the rates from Chicago to New York, but are made by adding arbitraries to the Chicago rates, as explained in the preceding paragraphs and shown in Table 17.

CHAPTER X

RATES IN TRUNK LINE AND NEW ENGLAND TERRITORIES AND BETWEEN THOSE TERRITORIES

1. WITHIN TRUNK LINE TERRITORY

Formerly there were many distance tables used as a basis for rates by the several carriers within Trunk Line Territory. More recently, however, the larger number of these distance tables have been published as specific rates, yet the specific rates are in most cases identical with the old distance tables. There are a number of distance tables still applicable on the movement of coal, eastbound, within Trunk Line Territory. The Pennsylvania Railroad, for example, still publishes distance rates from its coal mines to the eastern part of Trunk Line Territory.

The present adjustment of rates between points in Trunk Line Territory, including the Western Termini, is on the following general basis. Between New York rate points and Pittsburgh and Erie rate points the rates are 60 per cent of the New York-Chicago rates. For the six classes the scale is: 45-39-30-21-18-15 cents. Between Philadelphia rate points and Pittsburgh and Erie rate points for the six classes rates are arbitraries of 6-6-2-2-2-2 cents per 100 pounds, less the rates between New York and Pittsburgh or Erie. Between Baltimore rate points and Pittsburgh and Erie rate points, the six class rates are arbitraries of 8-8-3-3-3-3 cents per 100 pounds

lower than the rates between New York and Pittsburgh or Erie points. Between New York, Philadelphia, and Baltimore rate points and Buffalo rate points, rates are the Philadelphia-Erie rates. These rates are a 39-cent scale. From Albany and Utica rate points to Pittsburgh and Erie rate points, class rates are the Philadelphia-to-Pittsburgh class rates; commodity rates are 80 per cent of the New York-to-Pittsburgh commodity rates. From Pittsburgh rate points to Albany rate points, rates are the Pittsburgh-to-New York rates. From Erie rate points to Albany rate points, rates are 92 per cent of the Erie-to-New York rates. From Pittsburgh rate points to Utica rate points, rates are 92 per cent of the Pittsburgh-to-New York rates. From Erie rate points to Utica rate points, rates are 80 per cent of the Erie-to-New York rates. From Syracuse and Rochester rate points to Pittsburgh and Erie rate points, class rates are the Syracuse-to-Cleveland class rates; commodity rates are 70 per cent of the New York-to-Pittsburgh commodity rates. From Pittsburgh rate points to Syracuse rate points, rates are 84 per cent of the Pittsburgh-to-New York rates. From Pittsburgh rate points to Rochester rate points, rates are 72 per cent of the Pittsburgh-to-New York rates. From Erie rate points to Syracuse rate points, rates are 75 per cent of the Erie-to-New York rates. From Erie rate points to Rochester rate points, rates are 62 per cent of the Erie-to-New York rates. Rates from Pittsburgh and Erie rate territories to Rouse's Point, rate points in Trunk Line Territory are the Cleveland-to-Boston rates. Rates from Buffalo rate territory to Rouse's Point rate points are the rates current from Pittsburgh or Erie to Boston.

Rates having been determined to and from the various groups described above, the rates between other points in Trunk Line Territory are fixed upon a relative basis with regard to mileage, geographical relation, and competition, and the local points grouped with the next common point beyond. Under this method of establishing the rates a direct line does not require a greater rate for a shorter than a longer haul over the same line in the same direction, except where competitive influences have made exceptions necessary; but via the more circuitous routes there are violations of the fourth section of the Act to Regulate Commerce.

2. FROM TRUNK LINE TERRITORY AND WESTERN TERMINI
TO NEW ENGLAND FREIGHT ASSOCIATION
TERRITORY

Points in Trunk Line Territory are arranged in groups known by the name of the base points. These points are: Newark, Scranton, Binghamton, Utica, Syracuse, Rochester, Buffalo, Philadelphia, Baltimore, Washington, Richmond, Norfolk, Pittsburgh, etc. The New England Freight Association Territory is arranged with the following points as bases: Pelham, New York, Hartford, Boston, Portland, Brunswick, Woodsville, and Sherbrooke.

The rates from Trunk Line Territory to New England Territory are on the following general basis. Rates from Pittsburgh and Erie rate territories to New York and Pelham rate territories are based upon 60 per cent of the New York-to-Chicago rates. For the six classes the rates are: 45-39-30-21-18-15 cents per 100 pounds. Rates from Pittsburgh and Erie rate territories to Hartford, Boston, Portland, and Brunswick rate territories are arbitraries

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5-4-3-3-2½-2 cents for the six classes higher than the Pittsburgh-to-New York rates. Rates from Pittsburgh and Erie rate territories to Sherbrooke and Woodsville rate territories in the United States are the Cleveland-to-Boston rates. For the six classes this scale is: 60-52-40½-29-24½-19½ cents per 100 pounds. Rates from Pittsburgh and Erie rate territories to Sherbrooke rate territory in Canada are the Toledo-to-Boston rates. For the six classes this scale is: 65½-56½-44-31½-26½-21½ cents per 100 pounds. From Buffalo rate territory to Pelham and New York rate territories, rates are those current from Buffalo to New York. The class scale is as follows:

Class	1	2	R25	3	R26	R28	4	5	6
Rate	39	33	28	28	22	22	19	16	13

Rates from Buffalo rate territory to Hartford, Boston, Portland, and Brunswick rate territories are arbitraries of 5-5-2½-2½-2½-2 cents per 100 pounds for the six classes higher than the Buffalo-to-New York rates shown above. From Buffalo rate territory to Woodsville and Sherbrooke rate territories, rates are the Pittsburgh-to-Boston rates. The rates from the Western Termini points having been determined, as shown above, the rates from other groups to the same destinations are fixed upon a relative basis of rates with regard to mileage, geographical relation, and competition. The rates are fixed by the shorter and more direct routes, but apply also via the longer and more circuitous routes, and in the observance of such adjustment, the lines comprised of shorter or more direct routes from and to some groups are the longer or more circuitous routes from and to other groups. Thus, while there is no violation of the fourth

section of the Act to Regulate Commerce on the direct routes, there are violations by the circuitous routes.

3. FROM TRUNK LINE TERRITORY TO POINTS IN EASTERN CANADIAN TERRITORY

The points in Eastern Canada include only points east of Kingston, Sharbot Lake, North Bay, and Depot Harbor, Ont., and points in New York and the New England States routing through Canada. The points in Trunk Line Territory are grouped around the following bases: New York, Boston, Philadelphia, Baltimore, Albany, Syracuse, Rochester, Buffalo, etc. The adjustment of rates from Trunk Line Territory to Eastern Canadian points as described above is on the following basis. Rates from New York rate territory. Rates from Albany rate are made on the basis of 73 per cent of the New York-to-Chicago rates. Rates from New York rate territory to Carleton Place rate territory are made on the basis of 76 per cent of the New York-to-Chicago rates. Rates from New York rate territory to Quebec rate territory are made on the basis of 78 per cent of the New York-to-Chicago rates. Rates from Philadelphia and Baltimore rate territories to Canadian territory, described above as Eastern Canadian points, are based the same as rates from New York rate territory. Rates from Albany rate territory to points in Montreal, Carleton Place, and Quebec rate territories are made the same as from Albany to 73, 76, and 78 per cent points in C. F. A. Territory, respectively. The rates from New York, Philadelphia, Baltimore, and Albany rate points, as outlined above, being determined, the rates from other groups to the same destinations are fixed upon a relative basis of rates with

regard to mileage, geographical relation, and competition. Rates to Canadian territory other than described above are made by adding arbitraries to base point rates. Rates from Erie, Pittsburgh, Connellsville, Johnstown, Wheeling, and Parkersburg rate territories to Canadian territory, as described herein, are made in proper relationship and upon the principles outlined in the above adjustment. There are certain exceptions to the general scheme as outlined above in establishing rates from Trunk Line points to Canadian points. The rates from Trunk Line Territory to Canadian points, as outlined above, are fixed by the shorter or more direct routes, but are also applied via the more circuitous routes and in the observance of such adjustment, lines that comprise the shorter or more direct routes from and to some groups, are the longer and more circuitous routes from and to other groups. Hence, there are violations of the fourth section of the Act to Regulate Commerce by the more circuitous routes but not by the direct routes.

4. RATES WITHIN NEW ENGLAND TERRITORY

Although at the present time the rates within New England Territory are published specifically from point to point, an examination of the tariffs indicates that the rates were originally based on distance tables or were based at least rather closely on distance. It is probable that the later tariffs carry approximately the same rates as were originally prescribed in the distance tables. However, some of the older New England railway officials state that as far back as they can remember the rates were published specifically from point to point. The rates within the neighboring eastern Canadian territory are

largely distance rates. The Grand Trunk Railway, the Maine Central Railroad, and other carriers publish and use distance tables between points in Canada. In the New England Investigation Commissioner Prouty had the following to say concerning the freight rates of New England.

RATES OF TRANSPORTATION.

For many years the railroad monopoly of New England has been more complete than in any other considerable section of this country. The Boston & Maine has almost exclusively occupied the northern portion of that section, while the New Haven has enjoyed the same exclusive privileges in the south. It is interesting to inquire how the rates of transportation, both freight and passenger, there compare with other parts of the country.

The average receipts per ton-mile upon the New Haven Railroad for the year 1911 were 1.39 cents. This is probably a higher per ton-mile average than is shown by any other large railroad system in the United States. It does not, however, follow from this that the rates under which that road operates are therefore higher.

This is well illustrated by a reference to the same figure upon the Boston & Maine. In 1900 the ton-mile receipts of that system were 1.439 cents, somewhat greater than those then or now upon the New Haven. In 1901 that figure had fallen to 1.134 cents, the reason being that, beginning July 1, 1900, the Boston & Maine began to operate and so included in its return to this Commission for that year the Fitchburg Railroad. That railroad handles a large amount of through traffic of a low grade and paying a low rate, and this tends to reduce the average rate which for that company in 1900, the year before it was absorbed by the Boston & Maine, had been 0.798. For the year 1911 the ton-mile receipts of the Boston & Maine were 1.095 cents.

While, therefore, the average ton-mile receipts of the New England railroads are probably higher than those in any other section of this country where traffic conditions are fairly com-

parable with New England, this figure has but slight significance as bearing upon the relative transportation charge. . . .

For the purpose of the comparison representative cities located in . . . various sections have been selected, namely, Boston, New York, Pittsburgh, Cincinnati, and Chicago. Rates from Boston are exclusively within the limits of New England; from New York they apply both into New England upon the east and into trunk line territory upon the west; from Pittsburgh we have rates into trunk line territory going east and into central freight association territory going west. Cincinnati and Chicago are exclusively in central freight association territory, save that rates have been examined from Cincinnati south into southern territory.

In addition to the principal cities above selected we have also taken certain smaller towns—in New England, Burlington, Vt., and Concord, N. H.; in trunk line territory, Schenectady, N. Y., and Scranton, Pa.; in central freight association territory, Akron, Ohio, and Springfield, Ill.

The rates selected for purposes of comparison have been, first of all, the class rates. While in the three territories under consideration many commodity rates are in effect which are less than the class rates and which move an enormous volume of traffic and are of vital consequence to the communities served, still the preponderating movement of merchandise traffic, strictly speaking, is under the class rates or under rates which are a percentage of the class rates, so that the most comprehensive and fairest comparison probably arises upon a statement of the relative class rates.

Generalizing the results of these comparisons, without attempting to give the figures themselves, we find that class rates in central freight association territory are distinctly lower than in New England, especially on classes 5 and 6. These two classes move a very large amount of carload traffic, being the two classes which apply very generally to carload business. Class rates from New York and Boston to New England points are about the same as those from New York and Pittsburgh into trunk line territory.

Class rates from interior New England points appear to be

rather higher than corresponding rates in both trunk line and central freight association territories.

We have also instituted a comparison between rates from these same points on three or four of the principal commodities.

Coal is not produced in New England, but is extensively consumed. Coal rates from the various seaports of New England to near-by interior points are uniformly high as compared with rates for similar distances in the other territories under consideration. Rates to more distant interior points are not so extravagant and are often low. The reason for this appears to be that coal reaches the various ports of New England by water and is from thence distributed by rail. This water-and-rail route competes with the all-rail route, and the purpose of these high rates to near-by points is to maintain the all-rail rate.

What has been said as to coal applies to pig iron. The rail rate to the near-by point is usually extremely high, and for the same reason apparently.

Lumber is largely produced in New England, and the rates upon that commodity between points in New England compare favorably with those in trunk line and central freight association territories for like distances.

Rates on grain are much higher in New England than in these other territories, but this is not a matter of much significance, since comparatively little grain is raised in New England which is subsequently transported by rail. The grain which New England consumes comes mainly from the west upon rates which must be considered low.

Hay is largely produced and transported in New England, and the rates upon this commodity are rather more favorable than in the other territories. Generally speaking, hay moves under the fifth-class rate, but in New England the bulk of the movement is under commodity rates, lower than this class rate.

Our examination, which has been a rather extended one, fairly indicates that freight rates between points in New England, while somewhat higher in many instances, compare favorably upon the whole with those in trunk line territory and central freight association territory. They are lower than corresponding interstate rates in other parts of the country, although

not as low in some instances as the commission-made rates of several states in this outside territory. . . .

It should be noted in this connection that the cost of handling freight is greater in New England than in trunk line and central freight association territory and, indeed, in most other parts of the country.

1. The haul in New England is shorter—93 miles as against 138 miles in the United States as a whole.

2. The switching service in New England is much greater. The proportion of locomotive switching mileage to locomotive freight mileage is 59 per cent in New England, as compared with 43 per cent in the whole country.

3. The loading in New England is lighter. The average load, including both loaded and empty cars, is 10.5 tons per car in New England, as compared with 13.4 in the United States. The average load per loaded car is 14.8 tons in New England as against nearly 20 for the United States.

4. The price of coal in New England is distinctly higher. The defendants claim that had the Boston & Maine been able to own its coal upon its tenders at the same price as the Pennsylvania Railroad its operating expenses for the year 1912 would have been \$2,500,000 less than they were. Without subscribing to the accuracy of this figure, it is certain that the greater expense of fuel adds materially to the cost of operation in New England as compared with most other portions of the United States.¹

Freight rates in Official Classification and Canadian Freight Association territories have been set forth in the preceding pages. The distance rates within the state of Virginia are included in the treatise on "Freight Rates: Southern Territory." This was done largely because the Southern Classification is followed rather closely by the Virginia Classification, although the larger part of the state of Virginia is within Official Classifica-

¹ 27 I. C. C. Rep., 572-76 (1913).

tion Territory. The rates within the state of Illinois are set forth in the treatise on "Freight Rates: Western Territory" because they are governed by the Illinois Classification, which is very similar to the Western Classification, and because the Illinois distance rates are quite similar to the rates in other states within the Western Trunk Line Territory.

The freight movement in Official Classification Territory is denser than that of any of the classification territories. The industrial development of this territory has attained a higher status than that of any other section of the United States. This is the territory of coal and iron and of traffic between the West and the thickly populated Atlantic seaboard. The railway competition and the rail-and-water competition is keener in this section than elsewhere. The competing lines have long been carrying heavy traffic, and the rate adjustment of this territory is more scientifically worked out than in any other territory. Because of the long standing adjustment of these rates and the heavy traffic moving under them, the rates of this territory are the most important freight rates in the United States. The adjustment here set forth is perhaps the most important freight rate system in the world that has been developed by private railways. For these reasons the adjustment of rates set forth in the preceding pages may be of advantage to the railways of other territories as an example of rate adjustment. However, the traffic conditions of this territory are very different from those of other territories, and this factor should be given due weight in any comparative consideration of rate adjustment in this and other territories.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. What are the Philadelphia and Baltimore differentials, both eastbound and westbound?
2. Discuss the important points brought out in the port differential case of 1898.
3. Did the Commission think New York was losing its export grain business on account of the differentials and to what did it ascribe the decrease?
4. What does the Commission say as to the rights of the carriers to meet competitive conditions and the principle upon which differentials are established?
5. Why did the Commission think that harm would not come from deciding in favor of the weaker ports?
6. What was the decision relative to the ex-lake rates?
7. What differentials were decided on by the Commission in the 1905 case?
8. How did the points involved in this case differ from the ones in the 1898 case?
9. Give the most important points brought out in the 1905 case, especially as to the effect of the differentials on the export grain business of New York.
10. What differentials were decided on in the 1912 case?
11. What kinds of rates were involved in the 1912 case?
12. Give the important points brought out in the 1912 case?
13. What was the Commission's decision in the 1912 case?

14. Do you think differentials to Philadelphia and Baltimore are warranted by conditions? Give reasons.
15. How are rates made from Atlantic Seaboard Territory to St. Paul?
16. What are the proportional rates applying to St. Paul from eastern points except the Rochester-Syracuse group?
17. How do rates from the Rochester-Syracuse group differ from the rates in question 16?
18. What arbitraries over St. Paul rates apply on classes to Albert Lea? On canned fish? On other commodities?
19. Give the class arbitraries to Mankato. To Great Western stations.
20. What are the through class rates from New York to St. Paul? To Albert Lea? To Mankato?
21. How are rates made from territory south of Lake Superior and west of Lake Michigan to eastern points?
22. How do the proportional rates to Chicago from St. Paul compare with those from St. Paul to Chicago?
23. How are rates made between Trans-Mississippi Territory and points east of the Western Termini?
24. What two percentages generally apply to the Mississippi River Crossings?
25. How are rates based to Mississippi Valley points from C. F. A. points?
26. Give the arbitraries applying from C. F. A. groups to Mississippi Valley Territory.
27. How are rates based from Indiana, Ohio, and Michigan to Green Line Territory? From Western Termini groups?
28. What classifications are used in constructing combinations through Ohio River Crossings and the Virginia Gateways?
29. How are through rates to Green Line Territory made on commodities not covered by published tariffs?

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30. How are rates made from Buffalo-Pittsburgh Territory to certain points in Florida?

31. What is the general basis for class rates within C. F. A. Territory?

32. Give the class rates in the C. F. A. Scale for 5, 50, 100, 200, 300, 400, and 450 miles.

33. In states in C. F. A. Territory where rates are not prescribed by the commissions, what rates do the carriers apply?

34. Why cannot rates in Illinois be compared with C. F. A. Scale rates?

35. Give Michigan distance rates for 5, 100, and 500 miles.

36. How do rates in Michigan compare with those shown in the C. F. A. Scale?

37. How are commodity rates made within C. F. A. Territory?

38. What rates are used in Ohio and Indiana?

39. How are class rates based between Western Termini and points in C. F. A. Territory east of the 100 per cent groups?

40. What is the basis for class rates between Western Termini points and points taking 100 per cent or more of the New York-Chicago rates?

41. Give the basis for general commodity rates between points mentioned in question 40?

42. How are live-stock rates based from 100-122 per cent points to Western Termini?

43. To what extent have distance tables been used in establishing rates within Trunk Line Territory?

44. What is the general basis for adjustment of rates within Trunk Line Territory?

45. How are rates made between points not included in the groups mentioned?

46. Mention some of the groups into which Trunk Line Territory is divided.

47. What are the base points in New England Freight Association Territory?

48. What is the general basis of rates from Trunk Line Territory to New England Territory?

49. What is the basis for rates from Trunk Line Territory to points in Eastern Canada?

50. What important points are brought out by Commissioner Prouty as to freight traffic in New England?

51. What is said as to the comparison of freight rates in New England with those in other parts of the country?

52. Why is the cost of handling freight higher in New England than in C. F. A. and Trunk Line territories?

53. Why are the rates in Official Classification Territory the most important in the country?

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